



**Know before you close.**

# Five Things Attorneys Need to Know Before August 2015

**Straight talk about how to have a smooth transition to the new CFPB regulations and forms.**

## Five Things to Know Before August 1, 2015

- **What Transactions Are Affected And Exempt?**
- **What Are The New Forms Being Introduced?**
- **How Will The Timing Of A Closing Be Impacted?**
- **How Will The Communication Of Fees And Figures Be Handled?**
- **How Are Title Charges Reflected On The New Forms?**

By now you have heard of CFPB, but the question still remains, "How will it impact me?" So, we have put together some general information about the new rules and forms, as well as, the impact these will have on both the loan process and the closing of the transaction. With the changes just around the corner (August 1, 2015) we want to work with you to make sure we are all ready for the change.

### 1. What Transaction Types Are Affected and Exempt?

The new rules and the new forms apply to all closed-end consumer credit transactions secured by real property, other than reverse mortgages, which include the following types of loans:

- Purchase money
- Refinance
- 25 acres or less
- Vacant-land
- Construction-only
- Timeshare

Consumer loans exempted from the new rules and forms are:

- Reverse Mortgages
- Home Equity Lines of Credit (HELOCs)
- Chattel-Dwelling/Mobile Home Only Loans
- Creditors who originate less than 5 loans in a calendar year

The portions of Truth-in-Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA) governing

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Reverse Mortgages are not being replaced or deleted. Creditors will be required to issue a TILA disclosure and Good Faith Estimate (GFE) on these types of loans. Settlement agents will be required to use a 2010 HUD-1 Settlement Statement to close these types of loans. Loans in progress (applications submitted prior to August 1, 2015) are not subject to the new rules or the new forms.

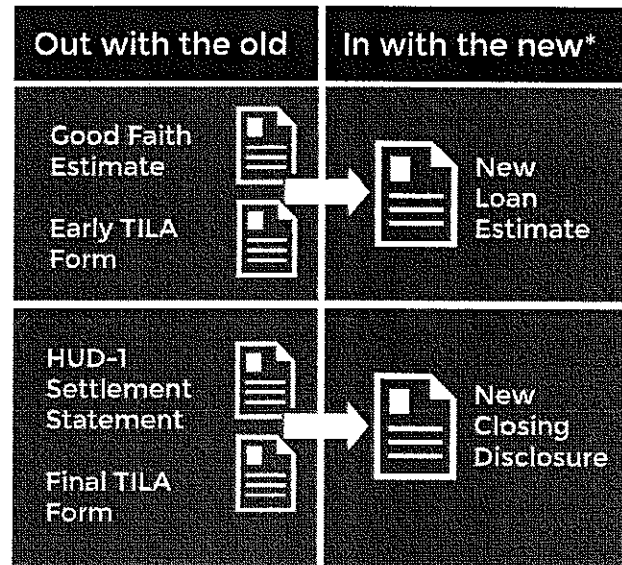
## 2. What Are The New Forms Being Introduced?

On November 20, 2013 the CFPB announced the completion of their new integrated mortgage disclosure forms along with their regulations (RESPA Regulation X and TILA Regulation Z) for the proper completion and timely delivery to the consumer. These regulations are known as "the Rule".

Any residential loan originated on or after August 1, 2015 will be subject to the new rules and forms set forth by the CFPB. The Rule replaces the Good Faith Estimate (GFE) and early TILA form with the new Loan Estimate. It also replaces the HUD-1 Settlement Statement and final TILA form with the new Closing Disclosure. The introduction of the new disclosure forms require changes to the systems that produce the closing forms. Our company has prepared our production systems to provide the new required fee quotes, generate the new closing disclosure forms, and track the delivery and waiting periods required by the new regulations.

**The Loan Estimate** – Currently, borrowers receive two separate forms from their lender at the beginning of the transaction: the Good Faith Estimate (GFE), a form required

## Which forms are in & out on August 1, 2015?



\* As of August 1, 2015 for residential purchase and refinance transactions.

under the RESPA, and the initial disclosure required under TILA. For loan applications taken on or after August 1st, 2015 the creditor will instead use a combined *Loan Estimate* form. The new three-page Loan Estimate form must be provided to borrowers on a timetable similar to the current receipt of the GFE.

**The Closing Disclosure** – The combination of forms continues at the end of the transaction as well, with the HUD-1 Settlement Statement and the final TILA forms now combined into a single *Closing Disclosure* form. This new five-page form is used not only to disclose many terms and provisions of the loan, but also the financial transaction of the closing.



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# Five Things Attorneys Need to Know Before August 2015

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### 3. How Will the Timing Of a Closing Be Impacted By Closing Disclosure Delivery?

As part of the final rule creating these two new combined forms, the CFPB determined that borrowers would be better served by having a short time to review the new Closing Disclosure prior to signing their loan documents. As a result, the Rule requires borrowers have three days after receipt of the Closing Disclosure to review the form and its contents prior to signing loan documents.

However, note that the three-day review period starts upon "receipt" of the form by the borrower. Unless some positive confirmation of the receipt of the form (i.e., hand delivery), the form is "deemed received" three days after the delivery process is started (i.e. mailing). As a result, the combination of the "delivery time period" and the "review time period" results in six business days from mailing to loan signing.

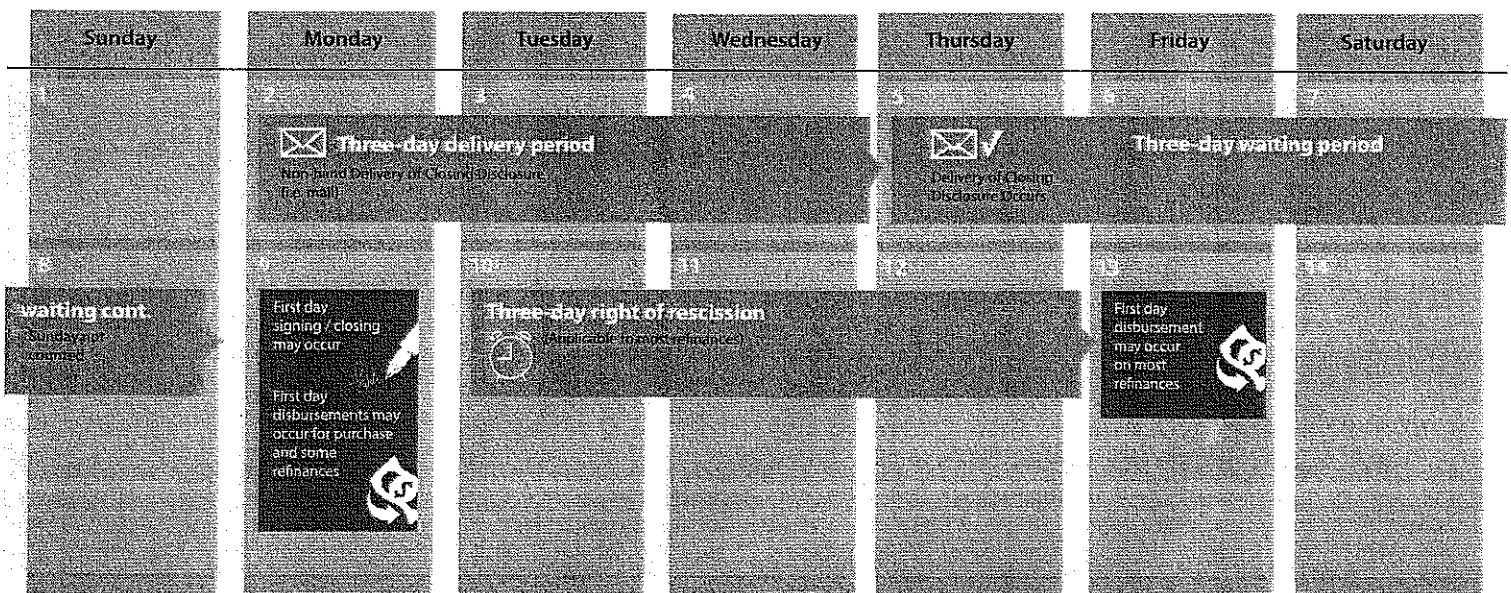
After delivery of the initial Closing Disclosure changes may require a re-disclosure and new waiting period:

- Increase of APR by greater than 1/8%
- Change in loan program such as Fixed rate to ARM
- Addition of pre-payment penalty after the initial disclosure

### 4. How Will the Communication of Fees and Figures Be Handled (Proration, Credits, etc.)?

Lenders will continue to need accurate estimates of title and settlement fees for the preparation of both the Loan Estimate and Closing Disclosure. In addition, for transactions in which an owner's policy will be purchased, the rule prescribes special mathematical calculations for disclosure of the owner's and lender's title insurance premiums, which may require receipt of rates for both a stand-alone and simultaneously-issued lender's policy, as well as the owner's policy rate. We are modifying our online

## Example Closing Calendar



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rate calculators to assist in these calculations. Preparation of the Closing Disclosure will take a collaborative effort between lenders, settlement companies and other vendors and may require fees to be submitted approximately 2 weeks in advance of "consummation" - the date on which the borrower becomes legally obligated on the loan.

## 5. How are Title Charges Reflected on the New Forms?

Both the new Loan Estimate and Closing Disclosure require any listing of a settlement service involving title insurance or closing activities to be preceded by the phrase "Title - ". In doing so, a borrower can clearly see all such charges in the same area.

However, that is where the clarity ends. In most jurisdictions, title insurers offer a discount (often called a simultaneous-issue discount) on the loan policy premium when purchased at the same time as an owner's policy. However, in some parts of the country, the standard purchase of an owner's policy of title insurance is not as well established. As a result, the CFPB determined consumers were better served by showing the full, not discounted, loan policy premium in all situations on both the Loan Estimate and the Closing Disclosure instead of, where applicable, the discounted premium. If an owner's policy is also purchased in the transaction, a formula is used to discount the owner's policy. In those areas where custom and practice provide that a buyer/borrower pay for both the owner's and lender's policies, the total actual amount paid for both policies is the same, even though the actual premium amounts are reflected differently on the new forms.

More problematic are those areas where custom provides the seller pay for the owner's policy and the buyer purchase the lender's policy. In these areas, the policy premium for the lender's policy will be overstated and the owner's policy premium understated. As a result, look for an adjustment to be made on Page 3 of the new Closing Disclosure form to correct premium amounts to those contemplated by the parties in their contract.

Also, line numbers have been removed and there are now seven fee areas on the disclosure. The line numbering on the HUD-1 familiar to most of us is gone. Instead, the fees and charges are placed on the Closing Disclosure in one of seven areas:

- Origination Charges
- Services Borrower Did Not Shop For
- Services Borrower Did Shop For
- Taxes and Other Government Fees
- Pre-pays
- Initial Escrow Payment at Closing
- Other

Individual charges within each of these major groupings are listed alphabetically. Columns are provided to separate charges of buyer, seller and others, as well as columns for payments both before and at closing.



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# Five Things Real Estate Agents Need to Know Before August

New mortgage disclosure forms and how they change every transaction you work on after August 2015.

## Five things to know:

- Be able to explain the new Loan Estimate and Closing Disclosure
- Timing of closings are impacted by disclosure delivery rules
- Title fees may need to be adjusted at closing and explained
- Line numbers have been removed and there are now 7 fee areas
- Your client will likely receive more than one Closing Disclosure

By now you have heard of CFPB, but the question still remains, "How will it impact me?" While CFPB will not significantly impact your day-to-day processing of sales, your seller and buyer clients will be looking to you for general information about the new rules and forms, as well as the impact on both the loan process and the closing of the transaction.

As a primer, here are five items you will need to know before the new rules and forms take effect August 1, 2015:

### 1. Be able to explain the new Loan Estimate and the Closing Disclosure

After the 2008 financial meltdown, Congress established the Consumer Financial Protection Bureau (CFPB). Among its first tasks was the combination of forms provided to borrowers at both the beginning and end of their loan transaction. In 2013, CFPB published its final rule revealing these two new combined forms.

**The Loan Estimate** – Currently, borrowers receive two separate forms from their lender at the beginning of the transaction: the Good Faith Estimate (GFE), a form required under the Real Estate Settlement Procedures Act (RESPA), and the initial disclosure required under the Truth-in Lending Act (TILA). For loan applications taken on or after August 1st, 2015 the creditor will instead use a combined *Loan Estimate* form intended to replace the two previous forms. The new three-page Loan Estimate form must be provided to borrowers on a timetable similar to the current receipt of the GFE.



# Five Things You Should Know Before August 2015

New mortgage disclosure forms and how they change every transaction you work on.

**The Closing Disclosure** – The combination of forms continues at the end of the transaction as well, with the HUD-1 Settlement Statement and the final TILA forms now combined into a single *Closing Disclosure* form. This new five-page form is used not only to disclose many terms and provisions of the loan, but also the financial transaction of the closing of the sale.

## 2. Timing Of A Closing Will Be Impacted By Closing Disclosure Delivery

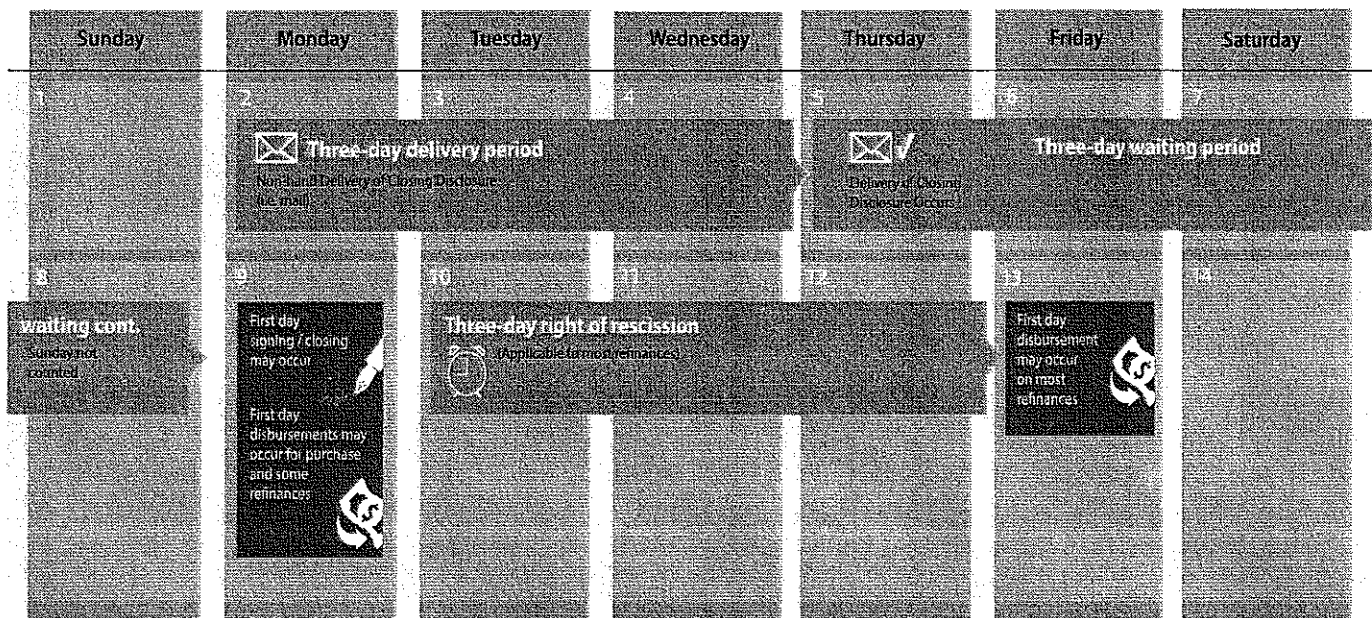
As part of the final rule creating these two new combined forms, the CFPB determined that borrowers would be better served by having a short time to review the new Closing Disclosure prior to signing their loan documents. As a result, in its rule CFPB mandated borrowers have three days after receipt of the Closing Disclosure to review the form and its contents.

However, note that the three-day review period starts upon "receipt" of the form by the borrower. Unless some positive confirmation of the receipt of the form (i.e., hand delivery), the form is "deemed received" three days after the delivery process is started (i.e. mailing). As a result, the combination of the "delivery time period" and the "review time period" results in six business days from mailing to loan signing.

## 3. Title Fees May Need To Be Adjusted At Closing And Explained

Both the new Loan Estimate and Closing Disclosure forms require any listing of a settlement service involving title insurance or closing activities to be preceded by the phrase "Title – ". In doing so, a borrower can clearly see all such charges in the same area. However, that is where the clarity ends.

## Changes to the Closing Disclosure Timing



# Five Things You Should Know Before August 2015

New mortgage disclosure forms and how they change every transaction you work on.

In most jurisdictions, title insurers offer a discount (often called a simultaneous-issue discount) on the loan policy premium when purchased at the same time as an owner's policy. However, in some parts of the country, the standard purchase of an owner's policy of title insurance is not as well established. As a result, CFPB determined consumers were better served by showing the full, not discounted, loan policy premium in all situations on both the Loan Estimate and the Closing Disclosure instead of, where applicable, the discounted premium. If an owner's policy is also purchased in the transaction, a formula is used to discount the owner's policy.

In those areas where custom and practice provide that a buyer/borrower pay for both the owner's and lender's policies, the total actual amount paid for both policies is the same, even though the actual premium amounts are incorrect on the form.

More problematic are those areas where custom provides the seller pay for the owner's policy and the buyer purchase the lender's policy. In these areas, the policy premium for the lender's policy will be overstated and the owner's policy premium understated. As a result, look for an adjustment to be made on page 3 of the new Closing Disclosure form to correct premium amounts to those contemplated by the parties in their contract.

#### **4. Line Numbers Have Been Removed And There Are Now Seven Fee Areas On The Disclosure**

Yes, it's true. The line numbering on the HUD-1 familiar to most of us is gone. Instead, the fees and charges are

placed on the Closing Disclosure in one of seven areas:

- Origination Charges
- Services Borrower Did Not Shop For
- Services Borrower Did Shop For
- Taxes and Other Government Fees
- Pre-paids
- Initial Escrow Payment at Closing
- Other

Individual charges within each of these major groupings are listed alphabetically. Columns are provided to separate charges of buyer, seller and others, as well as columns for both payments before and at closing.

#### **5. Your Client Will Likely Receive More Than One Closing Disclosure**

Since the buyer/borrower will receive a Closing Disclosure several days before the closing (and likely a few days before a walk-through on the property), buyers/borrowers will likely receive a new, adjusted Closing Disclosure at the closing showing any changes that occurred between the initial disclosure and the closing, including adjustments due to timing of the closing, walk-through adjustments and other matters. But changes may not end there and CFPB mandates that changes in financial disclosure numbers (i.e. changes in a recording fee) in any amount must be re-disclosed, even post-closing.



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# The New Closing Disclosure Explained

A look at the different sections of the Closing Disclosure and explanations of each page.

## Closing Disclosure At-a-glance

- The new form is 5 pages long
- New form replaces the TILA and HUD-1
- One Closing Disclosure is required for each loan
- Charge descriptions on both the Loan Estimate and Closing Disclosure must match.

**Closing Disclosure**

This form is a statement of disclosure provided to you by the lender. It contains information about the loan you are applying for and the terms of the loan.

<b>Loan Information</b>	Loan Amount: \$162,800 Interest Rate: 3.875% Monthly Payment (Principal & Interest): \$761.28 Prepayment Penalty: YES (See Note 1 for details) Release Payment: NO	
<b>Loan Terms</b>	Loan Type: 30 Year Fixed Rate Loan-to-Value Ratio: 80% Loan-to-Original-Value Ratio: 80% Loan-to-Current-Value Ratio: 80% Loan-to-Original-Value Ratio: 80% Loan-to-Current-Value Ratio: 80%	
<b>Closing Costs</b>	Closing Costs: \$9,712.30 Cash at Close: \$18,147.70	

The Closing Disclosure replaces the Truth-in-Lending Act (TILA) disclosure and the HUD-1 Settlement Statement. Under the final rule, the creditor is responsible for delivering the Closing Disclosure to the consumer, but creditors may use settlement agents to provide the Closing Disclosure, provided they comply with the final rule.

There is still a requirement for one Closing Disclosure for each loan and charge descriptions used on the Loan Estimate must be substantially similar to the descriptions used on the Closing Disclosure. This is so a consumer may easily identify a change in costs or terms by a comparison of the two forms.



# The New Closing Disclosure Explained.

A look at the different sections of the Closing Disclosure and explanations of each page.

## Page 1.

The first page of the Closing Disclosure is almost identical to Page 1 of Loan Estimate. It describes the:

- Loan terms
- Loan amount
- Interest rate
- Monthly P&I, and
- Any prepayment penalty or balloon payment.

This page also provides the projected payments over the life of the loan. This page also discloses to the borrower what amounts will be deposited into their impound or escrow account and provides the total estimated closing costs and cash to close.

## Closing Disclosure

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

Closing Information	Transaction Information	Loan Information
Date Issued: 4/15/2013	Borrower: Michael Jones and Mary Stone	Loan Term: 30 years
Closing Date: 4/15/2013	123 Anywhere Street	Purpose: Home
Disclosure Date: 4/15/2013	Anytown, ST 12345	Product: Fixed Rate
Settlement Agent: Epsilon Title Co	Seller: Steve Cole and Amy Doe	Loan Type: Conventional CMHA
File #: 123456	321 Somewhere Drive	2/28 ARM
Property: 456 Somewhere Ave	Anytown, ST 12345	Loan ID #: 123456789
SA File #: 118.000	Lender: Focus Bank	MIC #: 00064371

Loan Terms	Can this amount increase after closing?
Loan Amount: \$162,000	NO
Interest Rate: 3.875%	NO
Monthly Principal & Interest: \$761.78	NO
See Projected Payments below for your Estimated Total Monthly Payment.	
Prepayment Penalty: YES	Does the loan have these features? • As high as \$3,240 if you pay off the loan during the first 2 years.
Balloon Payment: NO	

Projected Payments	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+
Estimated Escrow Amount you increase over time	+ 206.12	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91

Estimated Taxes, Insurance & Assessment Amount can increase over time See page 4 for details.	\$356.13 a month	This estimate includes: • Property Taxes • Homeowner's Insurance • Other: Homeowner's Association Dues See Escrow Account on page 4 for details. You must pay for other property costs separately.	Is escrow? YES NO
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Costs at Closing	Closing Costs	Includes \$4,693.05 in Loan Costs + \$5,018.05 in Other Costs - \$0 in Lender Credits. See page 2 for details.
Cash to Close	\$14,147.26	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

CLOSING DISCLOSURE PAGE 1 OF 5 - LOAN ID # 123456789

## Page 2.

The second page is similar to the current Page 2 of the HUD-1 Settlement Statement. It provides a breakdown of all the closing cost details and lists all loan costs and other costs paid by borrower, seller, and other parties.

## Closing Cost Details

Loan Costs	Borrower Paid	Seller Paid	Paid by Other
• Underwriter Charge	\$1,123.00		
• 0.25 % of Loan Amount (Points)	\$405.00		
• Application Fee	\$250.00		
• Underwriting Fee	\$1,607.00		
• Service Borrower Did Not Pay For		\$228.53	
• Appraisal Fee			\$60.00
• Credit Report Fee			\$79.00
• Flood Insurance Admin Fee	\$20.00		
• Flood Monitoring Fee	\$11.25		
• Title Monitoring Fee	\$71.00		
• Loan Originator Fee	\$100.00		
• Permitted Lender Fees	\$1,843.50		
• Service Borrower Did Not Pay For		\$24.00	
• Servicer Fee	\$62.00		
• Title - Insurance Rider	\$500.00		
• Loan - Underwriter Fee	\$500.00		
• Title - Settlement Agent Fee	\$500.00		
• Title - Lender Credit	\$600.00		
• TOTAL LOAN COSTS (Borrower Paid)	\$5,498.25		
• Loan Costs Subtotal (A + B + C)	\$5,498.25	\$24.00	

Other Costs	Borrower Paid	Seller Paid	Paid by Other
• Taxes and Other Government Fees	\$85.00		
• Recording Fee	\$15.00		\$59.00
• Prepaid Interest	\$4,170.00		
• Prepaid Mortgage Insurance (PMI)	\$3,703.00		
• Prepaid Interest (\$12.44 per day from 4/15/13 to 4/15/13)	\$720.04		
• Industry Loan 1.11 (net) to Any County TSA	\$8.10		
• Initial Escrow Payment at Closing	\$412.25		
• Homeowner's Insurance (12 months, \$1,200.00)	\$270.66		
• Mortgage Insurance (per month for 2 yrs)	\$710.00		
• Property Taxes (per month for 2 yrs)	\$1,963.50		
• Applicable Adjustment	\$0.00		
• HOA Fees	\$2,400.00		
• HOA Capital Contribution	\$600.00		
• Loan Processing Fee	\$750.00		
• Home Inspection Fee	\$750.00		\$20.00
• Buyer Warranty Fee	\$50.00		
• Buyer Warranty Fee	\$400.00		
• Real Estate Commission	\$2,250.00		
• Real Estate Commission	\$2,250.00		
• Title - Owner's Title Insurance (per month)	\$1,600.00		
• TOTAL OTHER COSTS (Borrower Paid)	\$8,918.85		
• Other Costs Subtotal (D + E + F + G + H)	\$8,918.85		
• TOTAL CLOSING COSTS (Borrower Paid)	\$14,417.10	\$24.00	\$79.00
• Closing Costs Subtotal (I + J)	\$14,417.10	\$79.00	\$79.00
• Cash to Close	\$14,147.26		

CLOSING DISCLOSURE PAGE 2 OF 5 - LOAN ID # 123456789

# The New Closing Disclosure Explained.

A look at the different sections of the Closing Disclosure and explanations of each page.

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
Loan Estimate	Final	DMEIR Change?	
Settlement Fees (Total)	\$4,024.00	\$7,732.00	YES - See Item 1 on Cover (D) and Total Other Costs (E)
Loan Origination Fees (Including	00	5,000.00	YES - You paid these closing fees before closing
Change Loan Estimate?			
(Paid from your Loan Estimate)	\$0	\$0	NO
Down Payment/Points from Borrower	\$13,000.00	\$18,000.00	NO
Deposit	-13,000.00	-110,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	\$2,800.00	YES - See Seller Credits Section
Adjustments and Other Credits	\$0	\$1,652.00	YES - See details in Section 4 and 5
Cash to Close	716,756.00	516,147.26	

Summary of Transaction		Use this table to see a summary of your transaction.	
BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
1. Total Cash Received at Closing	\$180,762.30	1. Cash Received	\$180,800.00
2. Sale Price of Property	\$180,000.00	2. Sale Price of Property	\$180,000.00
3. Sale Price of Any Personal Property Included in Sale	\$0.00	3. Sale Price of Any Personal Property Included in Sale	\$0.00
4. Closing Costs Paid at Closing (E)	\$0.00		
Adjustments		4. Adjustments	
5. Total Cash Received at Closing	\$180,762.30	5. Total Cash Received at Closing	\$180,800.00
6. Cash to Close	\$180,762.30	6. Cash to Close	\$180,800.00
7. Cash to Close	\$180,762.30	7. Cash to Close	\$180,800.00
8. Cash to Close	\$180,762.30	8. Cash to Close	\$180,800.00
9. Cash to Close	\$180,762.30	9. Cash to Close	\$180,800.00
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30. Cash to Close	\$180,762.30	30. Cash to Close	\$180,800.00
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32. Cash to Close	\$180,762.30	32. Cash to Close	\$180,800.00
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46. Cash to Close	\$180,762.30	46. Cash to Close	\$180,800.00
47. Cash to Close	\$180,762.30	47. Cash to Close	\$180,800.00
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56. Cash to Close	\$180,762.30	56. Cash to Close	\$180,800.00
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66. Cash to Close	\$180,762.30	66. Cash to Close	\$180,800.00
67. Cash to Close	\$180,762.30	67. Cash to Close	\$180,800.00
68. Cash to Close	\$180,762.30	68. Cash to Close	\$180,800.00
69. Cash to Close	\$180,762.30	69. Cash to Close	\$180,800.00
70. Cash to Close	\$180,762.30	70. Cash to Close	\$180,800.00
71. Cash to Close	\$180,762.30	71. Cash to Close	\$180,800.00
72. Cash to Close	\$180,762.30	72. Cash to Close	\$180,800.00
73. Cash to Close	\$180,762.30	73. Cash to Close	\$180,800.00
74. Cash to Close	\$180,762.30	74. Cash to Close	\$180,800.00
75. Cash to Close	\$180,762.30	75. Cash to Close	\$180,800.00
76. Cash to Close	\$180,762.30	76. Cash to Close	\$180,800.00
77. Cash to Close	\$180,762.30	77. Cash to Close	\$180,800.00
78. Cash to Close	\$180,762.30	78. Cash to Close	\$180,800.00
79. Cash to Close	\$180,762.30	79. Cash to Close	\$180,800.00
80. Cash to Close	\$180,762.30	80. Cash to Close	\$180,800.00
81. Cash to Close	\$180,762.30	81. Cash to Close	\$180,800.00
82. Cash to Close	\$180,762.30	82. Cash to Close	\$180,800.00
83. Cash to Close	\$180,762.30	83. Cash to Close	\$180,800.00
84. Cash to Close	\$180,762.30	84. Cash to Close	\$180,800.00
85. Cash to Close	\$180,762.30	85. Cash to Close	\$180,800.00
86. Cash to Close	\$180,762.30	86. Cash to Close	\$180,800.00
87. Cash to Close	\$180,762.30	87. Cash to Close	\$180,800.00
88. Cash to Close	\$180,762.30	88. Cash to Close	\$180,800.00
89. Cash to Close	\$180,762.30	89. Cash to Close	\$180,800.00
90. Cash to Close	\$180,762.30	90. Cash to Close	\$180,800.00
91. Cash to Close	\$180,762.30	91. Cash to Close	\$180,800.00
92. Cash to Close	\$180,762.30	92. Cash to Close	\$180,800.00
93. Cash to Close	\$180,762.30	93. Cash to Close	\$180,800.00
94. Cash to Close	\$180,762.30	94. Cash to Close	\$180,800.00
95. Cash to Close	\$180,762.30	95. Cash to Close	\$180,800.00
96. Cash to Close	\$180,762.30	96. Cash to Close	\$180,800.00
97. Cash to Close	\$180,762.30	97. Cash to Close	\$180,800.00
98. Cash to Close	\$180,762.30	98. Cash to Close	\$180,800.00
99. Cash to Close	\$180,762.30	99. Cash to Close	\$180,800.00
100. Cash to Close	\$180,762.30	100. Cash to Close	\$180,800.00

## Page 3.

The third page displays a Calculating Cash to Close table similar to the table on Page 2 of the Loan Estimate. This table provides a comparison to the charges disclosed on the Loan Estimate. The rest of the page shows the summaries of the borrower and seller costs and credits, similar to the current Page 1 of the HUD-1 Settlement Statement.

## Page 4.

The fourth page contains disclosures about other terms of the loan, including:

- Whether the loan is assumable
- If the loan has a demand feature
- May impose a late payment fee and when it may be incurred
- If the loan has a negative amortization feature
- Whether the lender will accept partial payments
- Informs the borrower the lender will have a security interest in their property.

The page also includes a table describing what charges will be impounded and how much will be collected each month. Finally, the page includes adjustable payment and interest rate tables if they are applicable to the loan.

### Additional Information About This Loan

Loan Disclosures	
<p><b>Assumption</b></p> <p><input type="checkbox"/> If you sell or transfer this property to another person, your lender will allow, under certain conditions, that person to assume this loan on the original terms.</p> <p><input checked="" type="checkbox"/> We will not allow assumption of this loan on the original terms.</p>	<p><b>Escrow Account</b></p> <p>For more on your loan</p> <p><input checked="" type="checkbox"/> We will have an escrow account (also called an "impound" or "trust" account) to pay the property taxes listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.</p>
<p><b>Demand Feature</b></p> <p>Your loan</p> <p><input type="checkbox"/> has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.</p> <p><input checked="" type="checkbox"/> does not have a demand feature.</p>	<p><b>Escrow Account</b></p> <p>For more on your loan</p> <p><input type="checkbox"/> We will not have an escrow account because <input type="checkbox"/> you declined it <input type="checkbox"/> your lender does not offer one. You must directly pay your property taxes, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.</p>
<p><b>Late Payment</b></p> <p>If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly scheduled interest payment.</p>	<p><b>Escrow Account</b></p> <p>For more on your loan</p> <p><input type="checkbox"/> We will not have an escrow account because <input type="checkbox"/> you declined it <input type="checkbox"/> your lender does not offer one. You must directly pay your property taxes, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.</p>
<p><b>Negative Amortization (Increase in Loan Amount)</b></p> <p>Under your loan terms, you</p> <p><input type="checkbox"/> are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.</p> <p><input type="checkbox"/> may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.</p> <p><input checked="" type="checkbox"/> does not have a negative amortization feature.</p>	<p><b>Escrow Account</b></p> <p>For more on your loan</p> <p><input type="checkbox"/> We will not have an escrow account because <input type="checkbox"/> you declined it <input type="checkbox"/> your lender does not offer one. You must directly pay your property taxes, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.</p>
<p><b>Partial Payments</b></p> <p>Your lender</p> <p><input checked="" type="checkbox"/> may accept payments that are less than the full amount due (partial payments) and apply them to your loan.</p> <p><input type="checkbox"/> may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.</p> <p><input type="checkbox"/> does not accept any partial payments.</p> <p>If this loan is sold, your new lender may have a different policy.</p>	<p><b>Escrow Account</b></p> <p>For more on your loan</p> <p><input type="checkbox"/> We will not have an escrow account because <input type="checkbox"/> you declined it <input type="checkbox"/> your lender does not offer one. You must directly pay your property taxes, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.</p>
<p><b>Security Interest</b></p> <p>You are granting a security interest in 405 Somerville Ave., Anytown, ST 12345</p> <p>You may lose this property if you do not make your payments or satisfy other obligations for this loan.</p>	<p><b>Escrow Account</b></p> <p>For more on your loan</p> <p><input type="checkbox"/> We will not have an escrow account because <input type="checkbox"/> you declined it <input type="checkbox"/> your lender does not offer one. You must directly pay your property taxes, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.</p>



Know before you close. Your CFPB readiness partner - every step of the way.

# The New Closing Disclosure Explained.

A look at the different sections of the Closing Disclosure and explanations of each page.

## Page 5.

On the fifth page under the heading "Loan Calculations" the consumer will find the:

- Total of payments over the life of the loan
- Finance charge
- Amount financed
- Annual Percentage Rate (APR)
- Total interest percentage information

Under "Other Disclosures" the consumer will find information about the:

- Appraisal (if applicable)
- Contract details
- Liability after foreclosure
- Refinance information
- Tax deductions

At the bottom of the page is the Contact Information and Signature lines. If signature lines are included, the following disclosure is used: "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" indicating a signature is intended only as a receipt of the form.

All of these forms, dates, rules, and laws can seem like a lot to take in. The good news is that we've done our homework and are here to help you understand what you need to know before you close.

Loan Calculations		Other Disclosures			
Total of Payments. You will have paid after you make all payments of principal, interest, mortgage insurance and loan costs, as applicable.	\$285,803.36	<b>Appraisal</b> If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 5 days before closing. If you have not yet received it, please contact your lender at the information listed below.			
Finance Charge. The dollar amount the loan will cost you.	\$118,830.37	<b>Contract Details</b> See your new 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			
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00	<b>Liability after Foreclosure</b> If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balances 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. <input type="checkbox"/> state law does not protect you from liability for the unpaid balance.			
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%	<b>Refinance</b> 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.			
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.66%	<b>Tax Deductions</b> If you borrow more than the 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.			
<b>Questions?</b> If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at <a href="http://www.consumerfinance.gov/mortgage-closing">www.consumerfinance.gov/mortgage-closing</a>					
Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (R)	Real Estate Broker (S)	Settlement Agent
Name	Frost Bank	Omega Real Estate Broker Inc.	789 Local Lane Sometown, ST 12345	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4821 Random Blvd. Sometown, ST 12340			987 Suburb Ct. Sometown, ST 12340	123 Commerce Pl. Sometown, ST 12344
NMLS ID					
ST License ID		Z76541E		Z61456	Z61616
Contact	Joe Smith	Samuel Green		Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID		P16415		P51401	P17124
Email	joesmith@frostbank.com	sam@greengr.com		joe@alphare.com	sarah@epsontitle.com
Phone	123-456-7890	123-456-7890		221-456-7890	987-654-321
<b>Confirm Receipt</b>					
By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.					
Applicant Signature		Date	Co-Applicant Signature		Date
CLOSING DISCLOSURE					PAGE 5 OF 5 - (04/14) ID # 123456789





*Wells Fargo*  
**Settlement Agent Communications**

News for Wells Fargo Settlement Agents

March 16, 2015

### **TILA-RESPA Integrated Disclosure Rule**

As the August 1, 2015, effective date for the new TILA-RESPA Integrated Disclosure Rule approaches there is a noticeable increase in the number of articles, webinars, conference panels and conversations about the changes coming. For those who have been paying attention to the upcoming changes, your questions are becoming more specific and more detailed. For others, here is some of the information you need to learn to be ready to continue closing Wells Fargo loans.

Our goal to continue doing business with local title and settlement service providers has not changed. Our expectation is that all title and settlement agents who close Wells Fargo loans must be ready, willing and able to comply with our requirements and closing instructions. This expectation becomes even more critical when the new rule takes effect August 1. In this newsletter, we will include some important reminders about these requirements, as well as answer some recent questions related to the coming changes.

The previous two editions of this newsletter (September 24 and December 10, 2014) contained important information on key decisions Wells Fargo has made about how we will comply with the new rule for loans originated by Wells Fargo:

- Wells Fargo will control the generation and delivery of the borrower's Closing Disclosure (CD) to consistently meet internal compliance and regulator expectations. Collaboration with and input from our settlement agents on fees applicable for each transaction and other content required on the CD will continue to be critical.
- Evidence of providing the borrower's CD with receipt at least three business days prior to consummation is critical for compliance. Wells Fargo considers consummation to be the date the borrowers sign the note (become contractually obligated) for all transactions, including in escrow states. The CFPB has publicly reinforced this position by stating that contract law dictates consummation, not escrow law.
- For purchase transactions, the settlement agent will be responsible for the seller's CD and must provide a copy of this document to Wells Fargo.
- The settlement agent will continue to be responsible for executing the closing, including document signing, notarization, disbursement of funds, document recordation and delivery of final documents post-closing. In all cases these activities must comply with Wells Fargo's closing instructions.
- Without exception, all changes that impact the borrower's CD must be communicated to Wells Fargo, including changes identified after closing (such as when actual recording fees become known and differ from amounts disclosed prior to closing). Wells Fargo will be responsible to determine the impact of any changes, including determining if an updated CD must be provided to the borrower prior to closing and whether a restart of the three business day receipt timer is required.

These key decisions drive changes that will be implemented for closings of Wells Fargo loan applications received on and after August 1, including changes to the timing and processes Wells Fargo will use to interact with settlement agents. Please read on for more information about this.

## Have you heard about Closing Insight?

A key part of Wells Fargo's implementation plans is the integration with Closing Insight™. Closing Insight is a new technology solution being developed by RealEC® Technologies, a division of Black Knight Financial Services, with input from several major closing software companies, title underwriters and lenders - including Wells Fargo. One of the common goals these companies share is a desire to improve the way that we interact to exchange instructions, fees and other information critical to the preparation and execution of the loan closing. The press release announcing Closing Insight can be accessed from this [link](#).

Wells Fargo will use Closing Insight and its new industry standard workflow to exchange information - including closing instructions, fees, status and other relevant details - with participating settlement agents, and to reconcile and finalize data required in the borrower's CD. Unlike today where we typically use email to pass these important details back and forth, Closing Insight will support an interactive, online collaboration that includes a full view of information from both parties, and provides an audit trail and quality checks to reduce errors. The benefits from these changes will be significant.

Even though Wells Fargo has not yet mandated that our settlement agents use Closing Insight by August 1, our goal is for the Closing Insight process to rapidly become the new standard for interaction between Wells Fargo and settlement agents who close our loans. Additional information on changes to Wells Fargo's loan closing process - including how Closing Insight will be utilized - will be provided in future communications and in updated closing instructions effective August 1.

Many settlement agents will be able to access Closing Insight through connections with existing software packages. If your software provider is not yet integrating to Closing Insight, don't worry - you are not being left out. Access to Closing Insight through a secure web portal will also be available. All agents, regardless of the software, will have access to Closing Insight.

In the coming weeks, RealEC Technologies will provide further details on their agent registration process, training program, title/escrow software integration partners and the web portal for non-integrated agents. We encourage you to contact your software provider directly to find out if they plan to integrate with Closing Insight so you can finalize your training and implementation plans and be ready to use this new collaboration tool by August.

To learn more about RealEC Technologies and Closing Insight, including a video about this product, click this [link](#). You can also contact RealEC Technologies directly at [ProviderRegistration@realec.com](mailto:ProviderRegistration@realec.com).

## More of your frequently asked questions

Wells Fargo leaders continue to participate in various conferences, education seminars and industry events to share information and listen to your questions and concerns. This ongoing two-way communication is essential to our preparation for the TILA-RESPA Integrated Disclosure Rule changes. Following are answers to a few recent questions from you.

If co-borrowers plan to sign the loan documents on different dates, which date applies for compliance with the three business day receipt requirement of the CD?	The borrower's CD must have been received not less than three business days before the earliest signing date. This question highlights the importance of communicating specifics about signing plans to your Wells Fargo closing contact, including cases when a mobile signing agent or mail away signing is being requested.
Will Wells Fargo be providing loan closing documents to the settlement agent at the same time the borrower's CD is delivered?	Our goal is to be able to provide the closing documents to the settlement agent shortly after the borrower's CD has been finalized and provided to the borrower. In most cases, you should receive the closing documents earlier than in the past.
Will Wells Fargo permit any other	No.



party to deliver the borrower's CD to meet the three business day receipt requirement for a rush closing situation?	We have determined that we must be responsible for delivering the borrower's CD to meet and track the three business day receipt requirement for all transactions. We will continue to encourage all parties involved to stay in close communication and work together proactively to minimize the need for expedited CD delivery.
Is my company required to be ALTA Best Practices Certified by August 1 to continue to close Wells Fargo loans?	<p>No.</p> <p>Completing your certification by August 1 will not be a Wells Fargo requirement. However, we hope that if your company is not yet certified you will - at minimum - have already completed a self-assessment and addressed any identified gaps.</p> <p>As communicated in our March 6, 2014, newsletter, Wells Fargo supports the ALTA Best Practices as sound business practices that should ideally already be in place for businesses providing title and closing services for our customers.</p>

If you are seeing this newsletter for the first time, please note that previous editions included other important information and FAQs - so if you missed them, please use the mailbox address below to request copies or subscribe to future publications.

**Page count tool enhancement is ready**

In our last newsletter, we introduced an interim page count solution to assist our closers and settlement agents to more accurately estimate the number of pages in lender-provided documents to be recorded. An enhancement to this tool is now in production and a new form should appear in your preliminary closing packages for most Wells Fargo loans. The intent of this form is for our closing contact and the settlement agent to communicate and align on the recordable documents applicable for any transaction prior to finalizing the HUD-1 to ensure the recording fee amounts charged to the borrowers are as accurate as possible at closing. Refunds are still expected for any overcharged recording fees that are detected after closing when the actual recording fee amounts are confirmed.

**Performance management contacts coming soon**

An important part of Wells Fargo's third-party oversight responsibilities is performance reporting, including for settlement agents. New performance reports have been developed and will be implemented during the next few months. Phone and email contacts to settlement agents experiencing performance challenges will also begin; the intent is to communicate performance information to management contacts as needed and work together on action plans and timelines to resolve performance that does not meet Wells Fargo requirements. If your company begins to receive these performance management contacts, it is very important that the appropriate management contact in your company is aware and engaged. Additional information on this topic will be included in future communications and as measured performance factors expand.

**New collaboration with ClosingCorp**

Wells Fargo has entered into a business arrangement with ClosingCorp, a leading provider of fee management solutions, to obtain actual fee information from select settlement agents who close a high number of Wells Fargo loans. This fee information will enable our Home Mortgage Consultants to select actual, local fees to populate the initial fee estimates provided to customers. Our goal is to improve the precision of expected fees that we quote to our customers as early as possible in the loan process, while remaining consistent with our strategy to support local settlement agents.

This program will be nationally implemented over the coming months. ClosingCorp will be directly contacting selected companies with additional information about this program and instructions on how to enroll. There will be no cost to you to participate in this program with Wells Fargo.

Please watch for information from ClosingCorp and respond to their enrollment invitation. This is a great opportunity for us to work together to provide the most accurate information available to our mutual customers.

Thank you for taking the time to review this important information. Please share this with your colleagues and management teams. If you have any comments, questions, suggestions for future newsletters or requests for copies of previous or future editions, contact us at:

[WellsFargoSettlementAgentCommunications@wellsfargo.com](mailto:WellsFargoSettlementAgentCommunications@wellsfargo.com)

Regards,  
Wells Fargo & Company

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## CFPB Integrated Mortgage Disclosures – Responsibility for Compliance

### To: Settlement Agents

In December, Bank of America announced that it would generate and deliver the buyer/borrower Closing Disclosure when the new documents take effect on August 1, 2015. This decision was made as a result of the increased responsibility the Consumer Financial Protection Bureau's (CFPB) Integrated Mortgage Disclosures rule places on the lender. While there is still much work to be done, we are pleased to share more details of what you can expect when closing a loan with Bank of America.

Bank of America will be responsible for ensuring both the accuracy of the buyer/borrower Closing Disclosure and delivery to accommodate the three business day waiting period. Bank of America will not require settlement agents to monitor compliance with the three business day waiting period for receipt of either the initial Closing Disclosure or any required re-disclosures. However, we will need close collaboration during the process, including timely responses to requests for information and notice of all loan and fee changes via our selected platform, RealEC® Technologies Closing Insight™. Bank of America will review all changes to the loan and fees to determine whether an update to the Closing Disclosure is necessary and if so, whether a new three business day waiting period is required. If we are unable to meet the scheduled closing date due to re-disclosure, we will notify the settlement agent of the new closing date through Closing Insight™.

Important changes for how settlement agents transact with Bank of America include:

- In most cases Bank of America will engage the settlement agent to begin fee collaboration a minimum of 10 calendar days prior to the scheduled signing date.
- Bank of America will generate and send the Closing Disclosure six business days prior to the scheduled signing date.
- Closing Instructions provided by Bank of America will reflect new requirements pertaining to the Integrated Mortgage Disclosures rule.
- Bank of America will require all changes to loan and fee data be submitted for review and approval through Closing Insight™ prior to proceeding with signing.

We encourage you to submit your questions and feedback to us at [IntegratedDisclosures.Feedback@bankofamerica.com](mailto:IntegratedDisclosures.Feedback@bankofamerica.com) and

thank those of you who have already taken the time to do so. We will continue to take into consideration all of the valuable information received as we work toward our goal of providing our mutual customers with a positive closing experience.

Below are answers to just a few of the questions we have received from settlement agents about the upcoming changes to support of the CFPB Integrated Mortgage Disclosures rule.

**Q: What is the consummation date?**

**A:** Per TILA, consummation means the time that a consumer becomes contractually obligated to a credit transaction. Bank of America will use the signing/closing date, when the mortgage note is signed, as the consummation date.

**Q: Will Bank of America request settlement agents to provide only traditional title fees and recording fees, or will requests extend to other line items typically calculated by the settlement agent, such as lien payoffs, tax payments, etc?**

**A:** Collaboration will include all data elements needed to generate a complete buyer/borrower Closing Disclosure.

**Q: Will the settlement agent be required to provide fee approval?**

**A:** Yes, both the lender and settlement agent must provide approval before fees are considered final. However, in some circumstances, Bank of America may elect to send the Closing Disclosure to the borrower prior to final approval using the most recent information available. The Closing Disclosure used for consummation/closing will be approved by both the lender and the settlement agent.

**Q: Considering the various changes that occur during the loan process, how will Bank of America engage the settlement agent to obtain updates such as payoffs, taxes, and title/closing fees?**

**A:** Bank of America will initiate requests for updated information through Closing Insight™. Closing Insight™ will support a variety of notification methods which may vary based on whether you are a web user or accessing the platform via your title & escrow production system.

**Q: How can the settlement agent assist Bank of America with revisions to the buyer/borrower Closing Disclosure?**

**A:** The Settlement Agent can assist by providing accurate fees in a timely manner and ensuring any updates to loan or fee information are submitted immediately via Closing Insight™.

**Q: When will Bank of America send the final closing package?**

**A:** While the buyer/borrower Closing Disclosure will be completed in advance of the signing, there are no expected changes to the current timing for the delivery of the final closing package.

**Q: How should the settlement agent handle a signing that needs to be rescheduled?**

**A:** Settlement agents must notify Bank of America immediately when a signing does not take place as scheduled. Similarly, Bank of America will notify the settlement agent via Closing Insight™ when a signing date is rescheduled.

In the coming weeks, RealEC® Technologies will begin communicating information regarding registration in advance of August 1, 2015. In the interim, please email [ProviderRegistration@realec.com](mailto:ProviderRegistration@realec.com) with any questions. As a reminder, many title & escrow software providers are working with RealEC® Technologies to enhance current integrations in support of the Closing Insight™ technology. For more information about their plans to integrate with Closing Insight™, reach out to your software provider directly.

Thank you for your partnership.

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May 6, 2015

## CFPB Integrated Mortgage Disclosures – Borrower and Lender Selection of Title and Settlement Providers

### To: Settlement Agents

With less than three months to go until the August 1, 2015 implementation of the Consumer Financial Protection Bureau's (CFPB) Integrated Mortgage Disclosures rule, the industry has seen a flurry of activity as lenders, real estate professionals, and settlement service providers continue to prepare.

Bank of America has experienced a notable increase in both the volume and specificity of the questions and feedback submitted by many of you. Several of these questions have been related to how the rule will change the way the buyer/borrower selects their title and settlement provider or the way Bank of America selects the provider in those scenarios where the borrower defers the selection.

This announcement includes answers to those questions and many others. Also included is a recap of key details we shared in December 2014 and March 2015 regarding how you will work with Bank of America for applications received on or after August 1, 2015.

We will continue to share information regarding what you can expect when closing a Bank of America loan through announcements such as these. Please submit your questions to us at [Integrated.Disclosures.Feedback@bankofamerica.com](mailto:Feedback@bankofamerica.com). We value your participation in this process, as it will help us all to be better prepared.

Thank you for your partnership.

## Key Details from Prior Announcements

- Bank of America will use Closing Insight™, an industry tool developed by RealEC® Technologies, a division of Black Knight Financial Services, to support the implementation of the CFPB's Integrated Mortgage Disclosures rule.
- All documents, data and information will be exchanged through Closing Insight. This will discontinue the use of email, fax, and other document delivery methods.
- Bank of America will generate and deliver the buyer/borrower Closing Disclosure.
- For purchase transactions, settlement agents will continue to generate and deliver the seller's Closing Disclosure.
- Bank of America will be responsible for ensuring both the accuracy of the buyer/borrower Closing Disclosure and delivery to accommodate the three business day waiting period.
- Bank of America will not require settlement agents to monitor compliance with the three business day waiting period for receipt of either the initial Closing Disclosure or any required re-disclosures.
- Bank of America will require all changes to loan and fee data be submitted for review and approval through Closing Insight prior to proceeding with signing.
- Closing instructions provided by Bank of America will reflect new requirements pertaining to the Integrated Mortgage Disclosures rule.

## FAQs

**Q: How do I find out more information about Closing Insight™ and their registration process?**

**A:** For more information about Closing Insight, RealEC® Technologies and the registration process for settlement agents, visit their website at [www.closinginsight.com](http://www.closinginsight.com).

**Q: After registering with Closing Insight, will I be listed on Bank of America's Written List of Providers (WLP)?**

**A:** No. Registration with Closing Insight means that Bank of America has the capability to send orders to you via Closing Insight. We will continue to follow existing routines for including settlement agents on the WLP.

**Q: How do I become a Bank of America Title and Settlement Provider listed on the WLP?**

**A:** Settlement agents interested in becoming a Bank of America supplier may apply at [www.bankofamerica.com/suppliers](http://www.bankofamerica.com/suppliers). Completing this process does not guarantee that registrants will automatically be added or considered for addition to the WLP. Sourcing representatives will engage prospective candidates for consideration as opportunities for expanding the supplier base become available. If you are currently a provider there is no need to re-apply.

**Q: What is the cost to use Closing Insight?**

A: Bank of America will absorb the full cost to use Closing Insight for the transaction and not pass the fee to the settlement agent or borrower.

**Q: How will Bank of America handle adjustments that rely upon a "final reading", such as water usage, propane, oil and other utilities or payments resulting from the final walk through on a purchase transaction? Will this prompt the three day waiting period and require the closing to be re-scheduled?**

A: The environment after August 1, 2015 will necessitate that all parties to the transaction work to minimize changes and adjustments in the final days and hours leading up to closing. With that said, we do understand that some of these adjustments are unavoidable. It is important to remember, however, that all adjustments must be submitted through Closing Insight in order for a corrected Closing Disclosure to be executed at closing. Dependent upon the change, we will advise whether a new three day waiting period is required. We are working to refine our process for post-closing adjustments and will share additional detail when available.

**Q: Will the settlement agent have the ability to change fees at the Closing table?**

A: Both the lender and settlement agent must approve the Closing Disclosure used for consummation/closing. Changes may only be made with Bank of America's approval. Bank of America will generate a new Closing Disclosure to reflect approved changes. Per CFPB guidance, some changes may result in a new three day review period delaying closing, which will be determined by Bank of America.

**Q: Will the settlement agent be provided with copies of any and all Closing Disclosures provided to the buyer/borrower?**

A: The settlement agent will be provided with the buyer/borrower Closing Disclosure that is to be executed at closing. Bank of America will distribute the borrower/buyer's Closing Disclosure to the borrower(s). The settlement agent is responsible for preparing and delivering the seller's Closing Disclosure on a purchase transaction. The settlement agent should continue the practice of providing the Closing Disclosure to the Seller and Real Estate Agent(s), as applicable.

**Q: How will Bank of America deliver the Closing Disclosure to the consumer(s)?**

A: Although electronic delivery is permitted, USPS delivery timing is the default outlined by the CFPB. Bank of America will send the initial Closing Disclosure by overnight delivery relying on presumed receipt after three days as outlined in the rule. Using overnight mail allows for the flexibility to expedite the borrower acknowledgement of receipt when needed. Electronic receipts and overnight shipping signatures will not be relied upon to begin the three day review period. Bank of America is exploring other electronic delivery methods for future use.

**Q: How do we communicate with Closing Insight?**

A: Bank of America will initiate requests through Closing Insight as the technology will support a variety of notification methods which may vary based on whether you are a web user or accessing the platform via your title & escrow production system. The collaboration to finalize fees for the Closing Disclosure will generally start 10 business days before closing.

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## **JPMorgan Chase Announcement: Thursday, March 05, 2015**

JPMorgan Chase announced it will generate and deliver the Closing Disclosure to its customers. For a purchase transaction, the settlement agent or attorney will prepare the seller's Closing Disclosure, with a copy provided to Chase.

Starting Aug. 1, 2015, customers must receive a new integrated Closing Disclosure. This new combined disclosure replaces the current HUD-1 Settlement Statement and several other closing documents and must be received by the customer for their review at least three business days prior to closing.

According to its announcement, Chase will continue to work closely with its title, settlement and attorney partners to obtain final fees and other data on the new disclosure.

"A key challenge is the customer must receive the disclosure three business days prior to closing," Chase stated in its announcement. "To ensure appropriate time for the Closing Disclosure, Chase will require title premium, endorsements, settlement fees and credits 10 calendar days prior to scheduled closing date to allow time for finalization, mailing time and customer receipt. Accurate fees are necessary to meet regulatory requirements and avoid delays in closing dates."

Chase joins Wells Fargo and Bank of America in its decision to deliver the Closing Disclosure forms to its customers. Although Wells Fargo discussed the need to determine fees and other content for the Closing Disclosure earlier in the process, Chase is the first of the big banks to detail a time period for settlement agents to deliver fee information for the Closing Disclosure



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## Home News Room Union Bank to Implement Black Knight's Closing Insight™ Solution

### Union Bank to Implement Black Knight's Closing Insight™ Solution

March 26, 2015

New technology helps lenders and service providers meet their obligations with CFPB's TILA-RESPA Integrated Disclosure rule.

Closing Insight uses an electronic, workflow-driven process to streamline reconciliation of fees between lenders, settlement agents and other service providers.

Solution will increase collaboration between settlement providers to improve operational efficiency.

JACKSONVILLE, Fla. – March 26, 2015 – Black Knight Financial Services announced today that MUFJ Union Bank(Union Bank), one of the nation's leading financial institutions, has signed an agreement to implement Black Knight's Closing Insight™, a suite of Web-based solutions designed to help lenders address the CFPB's TILA-RESPA Integrated Disclosure rule and to automate the multi-party processes required to close a loan. Closing Insight will be delivered through the Exchange, an open technology platform that provides integration, data management, decisioning support and workflow management through a 24/7 data exchange that connects more than 17,000 of the mortgage industry's service and solution providers. The Exchange is offered by RealEC Technologies, a division of Black Knight Financial Services.

Closing Insight will help support the obligations of Union Bank and its business partners with the CFPB's TILA-RESPA Integrated Mortgage Disclosure rule, which is scheduled to go into effect in August 2015. This solution will provide an electronic, workflow-driven approval process and a collaborative closing utility that will streamline the reconciliation of fees for final loan closing disclosures between lenders, settlement agents and other service providers. Using a client-configurable rules engine, lenders will have the ability to generate and review disclosure documents, which will help them meet loan-closing timeline requirements.

Union Bank also uses Black Knight's loan servicing platform, MSP® a single, comprehensive system used by financial institutions for any size portfolio to manage all mortgage and consumer loan servicing processes, including loan boarding, payment processing, escrow administration and more, as well as Empower®, Black Knight's client- or ASP-hosted, Web-based enterprise loan origination and Web portal solution used by lenders to manage retail and wholesale lending channels.

"We believe that Closing Insight will provide Union Bank and the lending industry with an innovative solution to enhance collaboration with settlement providers, improve operational efficiency and support CFPB-related efforts," said Jim Francis, head of Consumer Lending for Union Bank. "Most importantly, Closing Insight will help us provide a better closing experience to our mortgage customers."

"Black Knight is proud to work with Union Bank on this implementation, which will offer the organization a high-quality, data-driven settlement process," said Dan Sogorka, president, Realec Technologies. "Union Bank is taking a leadership role in the industry by proactively incorporating this solution in advance of the effective date for the CFPB's new rule to help the bank and its providers be prepared to comply by August 2015."

The new Closing Insight solution will be available to lenders and their service providers prior to the August 2015 deadline to support implementation of the CFPB's Integrated Mortgage Disclosures rule.

1 Exchange rate of USD=¥119.78 (J-GAAP) as of December 31, 2014

#### About Black Knight Financial Services, LLC

Black Knight Financial Services, a Fidelity National Financial (NYSE:FNF) company, is the mortgage and finance industries' leading provider of integrated technology, data and analytics solutions that facilitate and automate many of the business processes across the mortgage lifecycle.

Black Knight Financial Services is committed to being the premier business partner that lenders and servicers rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class technology, services and insight with a relentless commitment to excellence, innovation, integrity and leadership. For more information on Black Knight Financial Services, please visit [www.bkfs.com](http://www.bkfs.com).

#### About MUFG Union Bank, N.A.

MUFG Union Bank, N.A., is a full-service bank with offices across the United States. We provide a wide spectrum of corporate, commercial, retail banking and wealth management solutions to meet the needs of customers. The bank also offers an extensive portfolio of value-added solutions for customers,

including investment banking, personal trust, capital markets, global treasury management, transaction banking and other services. With assets of \$113.7 billion (USD), as of December 31, 2014, the bank has strong capital reserves, credit ratings and capital ratios relative to peer banks. MUFG Union Bank is a proud member of the Mitsubishi UFJ Financial Group (NYSE: MTU), one of the world's largest financial organizations with total assets of approximately ¥279 trillion (JPY) or \$2.3 trillion (USD)<sup>1</sup>, as of December 31, 2014. MUFG Americas Holdings Corporation, the financial holding company and MUFG Union Bank, N.A. have corporate headquarters in New York City.

Media Contact: Michelle Kersch, 904.854.5043, [Michelle.Kersch@bkfs.com](mailto:Michelle.Kersch@bkfs.com)





## Important Information from Union Bank and the CFPB's TILA-RESPA Integrated Mortgage Disclosures Rule

Union Bank is preparing for the Consumer Financial Protection Bureau's (CFPB) Integrated Mortgage Disclosures rule effective August 1, 2015. As we march towards the implementation date, we want to inform our partners on how the rule will change the way we facilitate loan closings.

Union Bank will be using a Web-based tool called Closing Insight™ that will help us simplify the multi-party closing process and support our efforts to ensure regulatory compliance validation of the CFPB's Integrated Mortgage Disclosure rule. Closing Insight's Closing Collaboration Service will deliver a streamlined approval process for the reconciliation of fees for loan closing disclosures between lenders, settlement agents and other service providers.

As of August 1, 2015, all documents, data and information related to loan closings will be exchanged through Closing Insight. No other means of communication (i.e. email, fax) or document delivery will be accepted.

### Benefits of Closing Insight's Closing Collaboration Service:

- Create and reconcile closing data on a secure site
- Manage title and closing services through one location
- Utilize analytics to reconcile closing statements with lender instructions
- Maintain evidence of compliance using its audit history capabilities

Union Bank continues to work through all the requirements necessary to be ready for the August 1st implementation date. We are putting new systems in place to process loans even faster to ensure we continue to close loans on time and provide excellent service to our mutual customers.

We will continue to keep you informed as new information becomes available.

Thank you for your continued partnership.

**We're Here to Help.**

If you have any questions about working with Union Bank after August 1, 2015, please email our Title and Settlement Provider help desk at: [titleclose@unionbank.com](mailto:titleclose@unionbank.com)

For more information about Closing Insight and how to register, visit [www.RealEC.com](http://www.RealEC.com).

[Privacy Policy](#)

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CFPB-S-2/2/2015

**From:** Chase Mortgage National Operations Control  
**Sent:** Thursday, February 26, 2015 8:08 PM  
**To:** Chase Mortgage National Operations Control

**Subject:** Consumer Financial Protection Bureau (CFPB) Integrated Closing Disclosure

**To:** Closing Agents  
**From:** National Closing Control  
**Date:** February 26, 2015  
**Re:** Consumer Financial Protection Bureau (CFPB) Integrated Closing Disclosure

This note is to inform you of Chase's ongoing preparations for the CFPB's Integrated Disclosure requirements under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z) rule, which are scheduled to go into effect for those mortgage loan transactions for which Chase receives an application on or after August 1, 2015.

As noted above, starting in August 2015, customers must receive a new integrated Closing Disclosure. This new combined disclosure replaces the current HUD-1 Settlement Statement and several other closing documents and must be received by the customer for their review at least three business days prior to closing. Chase will provide additional communication in the upcoming months clarifying our approach as we refine our compliance strategy.

**Delivery of the Closing Disclosure** – Chase will generate and deliver the Closing Disclosure to our customer(s). For a purchase transaction, the settlement agent or attorney will prepare the seller's closing disclosure, with a copy provided to Chase.

**Accurate Closing Disclosure** – Chase will continue to work closely with our title, settlement and attorney partners to obtain final fees and other data on the new disclosure. A key challenge is the customer must **receive** the disclosure three business days prior to closing. To ensure appropriate time for the Closing Disclosure, Chase will require title premium, endorsements, settlement fees and credits ten calendar days prior to scheduled closing date to allow time for finalization, mailing time and customer receipt. Accurate fees are necessary to meet regulatory requirements and avoid delays in closing dates. More detail will be provided in an upcoming communication.

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of JPMorgan Chase & Co., its subsidiaries and affiliates. This transmission may contain information that is proprietary, privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. Thank you. Please refer to <http://www.jpmorgan.com/pages/disclosures> for disclosures relating to European legal entities.

# RESPA/TILA Harmonization



## *EFFECTIVE*

August 1, 2015

## *WHY WE ARE WRITING TO YOU*

As many of you know, 2015 is a year of tremendous change as a result of the Consumer Financial Protection Bureau's (the "CFPB") Final Rule (the "Rule") that will go into effect with new loans originated August 1, 2015 and after. Once the final Rule was issued, Citi went to work on creating an implementation project plan. A project team was created, and we have been diligently working for over a year already to ensure a successful transition!

## *WHAT YOU NEED TO KNOW*

### **What is Changing?**

How will the Rule impact your work with Citi?

- A new standard Closing Disclosure and a separate seller's version of the Closing Disclosure (if requested by the borrower and/or seller) (the "Seller's Disclosure") will replace the existing final TIL and HUD-1.
- The Closing Disclosure must be received by the borrower three business days before loan closing, instead of the current one-day requirement. To ensure receipt three business days prior to loan closing, **Citi will take responsibility for generating and delivering the borrower's Closing Disclosure.**
- For purchase transactions, Citi expects that you will continue to generate the Seller's Disclosure and provide it to the seller no later than closing. Settlement agents will also be expected to timely provide Citi with a copy of the completed and executed Seller's Disclosure.
- The new disclosure timing requirements will intensify the need for **you and Citi to work together closely** to timely determine certain fees and to schedule the closing details.
- Citi expects that you will notify the lender's closing contact immediately if there are any changes that impact the Closing Disclosure. This will ensure that Citi has sufficient time to determine if a revised Closing Disclosure can be provided at the closing, or if the change triggers the three-day receipt requirement to be restarted.
- There will be several weeks/months after August 1<sup>st</sup> that we will be required to use the previous disclosures with some loans and the new Closing Disclosure on other loans\*.
  - ◇ Applications dated prior to August 1, 2015 will use the previous HUD-1.
  - ◇ Applications dated on or after August 1, 2015 will use the new Closing Disclosure.
- There are no exceptions to this requirement - early use of the Closing Disclosure is not allowed.  
\*Note: The new disclosures do not apply for home equity lines of credit.

Citi will continue working through all that is needed to meet both the requirements of the regulation and our commitment to deliver an excellent, first-in-class experience for our mutual clients.

## **RESPA/TILA HARMONIZATION NEWS**

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### ***WHAT YOU NEED TO DO***

It is important that you read the news articles and other informative materials that you will receive in the coming months. A successful implementation requires that you become completely familiar with the changes. Refer to the [CFPB website](#) for additional details, including sample forms of the Closing Disclosure.



## **SunTrust Shares TRID Plans; Requires ALTA Best Practice Self Assessment by July 1**

**April 23, 2015**

SunTrust Mortgage announced in a letter to its settlement service providers that it will produce and deliver the Closing Disclosure to consumers in order to comply with the TILA-RESPA integrated disclosure (TRID) rule.

SunTrust will require title and settlement agents to provide complete and accurate fees up to two weeks prior to the scheduled closing date.

In addition, the lender said it will handle any Closing Disclosure revisions. A final Closing Disclosure will be included with the closing documents and delivered to settlement service providers at closing.

“The procedural changes that these rules require will have significant impacts on the manner and timing of communications between SunTrust and its settlement service providers and cause changes to our respective roles and responsibilities, all of which are intended to ensure the best possible mortgage experience for our clients,” Andrew Valentine, SunTrust’s national closing manager, said in the email. “SunTrust is prepared for the new rules implementation and it is our expectation that our settlement service providers who close our loans are or will be prepared as well.”

Title and settlement agents will be responsible for preparing and delivering the sellers Closing Disclosure on purchase transactions. A signed copy of the sellers Closing Disclosure will be required as a condition to receive funding approval.

SunTrust expects its settlement service providers “to provide timely notice concerning any settlement fee changes that occur, including those that occur at or after closing.”

Prior to closing a loan impacted by the new rules, SunTrust will send an attestation form to its settlement service providers so they can confirm ability to comply with the rules and the expectations.

To prove compliance with third-party oversight required by the Consumer Financial Protection Bureau, SunTrust will require its settlement service providers to implement ALTA’s Best Practices. According to Valentine, settlement service providers must complete an ALTA Best Practice Self Assessment by July 1 to remain eligible to close loans for SunTrust.

“SunTrust believes that the most efficient and comprehensive way to comply with this guidance is to require our approved settlement agents to adhere to ALTA’s Best Practices,” Valentine wrote.