

Outlook Live Webinar- October 1, 2014 TILA-RESPA Integrated Disclosures, Part 3 Completing the Loan Estimate

Presented by the Consumer Financial Protection Bureau

The content of this webinar is current as of the date the webinar was originally presented. This webinar has not been updated since its original presentation date and does not reflect the changes and clarifications set forth in the final rule issued on July 7, 2017.

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Disclaimer

- The Bureau issued the TILA-RESPA Integrated Disclosure final rule in November of 2013 to implement provisions under the Dodd Frank Wall Street Reform and Consumer Protection Act.
- The Final Rule will take effect in August 2015.
- This presentation is current as of October 1, 2014. This presentation does not represent legal interpretation, guidance or advice of the Bureau. While efforts have been made to ensure accuracy, this presentation is not a substitute for the rule. Only the rule and its Official Interpretations can provide complete and definitive information regarding requirements. This document does not bind the Bureau and does not create any rights, benefits, or defenses, substantive or procedural, that are enforceable by any party in any manner.

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CFPB Resources

- **Dedicated Regulatory Implementation Website:**
<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>
 - Small Entity Compliance Guide
 - Guide to Forms
 - Sample and Annotated Forms
 - Links to Webinars
 - Disclosure timeline illustration
 - Additional Guidance Materials
- **eRegulations Tool:**
<http://www.consumerfinance.gov/eregulations>

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August 2014 Webinar – Recap

- Addressed recurring issues and interpretive questions
 - Submitted to CFPB by industry and trade groups
 - Collected during last webinar
 - Raised through other channels
- Topics Covered
 - Application (continued from last session)
 - Scope
 - Record Retention
 - Timing for delivery and redisclosure
 - Tolerance
 - Loan Estimate form contents (Introduction)

Loan Estimate Form, Page 1: 1026.37(a)-(e)

- Annotations provide regulatory citations to 12 CFR 1026.37
- See also Section 2.2 of the Guide to Forms
- Sample forms available on website

Loan Estimate form: General Questions

- Q: Is there a required font and font size for the Loan Estimate? (1026.37(o); Comment 37-2)
- Q: Can the designation “N/A” be used where no value is to be disclosed on the Loan Estimate? (Comment 37-1)
- Q: Is there a required naming convention used for charges on the Loan Estimate?
- Q: Does the creditor have to disclose an itemization of the amount financed with the Loan Estimate?

Loan Costs 2 (1026.37(f) and (g); Guide to Forms Section 2.3.1)

Other Costs

A. Origination Charge
to whom interest accrues

B. Services Not Covered Elsewhere

C. Services Not Covered Elsewhere

D. TOTAL LOAN COSTS (A + B + C)



- Q: Must a creditor disclose fees that are not allowed by FHA/VA? If so, where? (Comment 37-1; 1026.17(c))
- Q: How does the creditor disclose charges for third-party administrative and processing fees that are currently rolled up into Block 1 of the GFE? (1026.37(f)(1) and (f)(2))
- Q: Can a creditor change the number of lines for each category of costs if there are more or fewer charges in each category? (1026.37(f)(6))
- Q: How should premium rate credit or "negative points" be disclosed? May the creditor add a separate addendum to detail the offset? (1026.37(g)(6))

Other Costs (1026.37(g); Guide to Forms Section 2.3.2)

Other Costs

K. Taxes and Other Government Fees
 Recording Fees and Other Taxes
 Transfer Taxes

L. Prepaids
 Homeowners Insurance Premium (monthly)
 Mortgage Insurance Premium (monthly)
 Prepaid Interest (per day for days)
 Property Taxes (months)

M. Initial Expense Payment at Closing
 Homeowners Insurance per month for mo.
 Mortgage Insurance per month for mo.
 Property Taxes per month for mo.

N. Other

O. TOTAL OTHER COSTS (K + L + M + N)



- Q: Recording fees and other taxes appear to encompass all government taxes which are not transfer taxes. Does this include taxes on separate services, such as title insurance? (1026.37(g)(1))
- Q: Credit life insurance is usually paid on a monthly basis, but is only mentioned in the "Other" section of "Other Costs." Is that where I should disclose the premium? (1026.37(g)(4))

Calculating Cash to Close 1 (1026.37(h); Guide to Forms Sections 2.3.3 and 2.3.4)

<p>Standard</p> <p>Calculating Cash to Close</p> <p>Closing Credits</p> <p>Closing Costs Financed (Paid from your Loan Amount)</p> <p>Cash Payment/Good Faith Estimate</p> <p>Escrow</p> <p>Escrow Reserve</p> <p>Seller Credits</p> <p>Adjustments and Other Credits</p> <p>Estimated Cash to Close</p>	<p>Alternative for transactions without a seller</p> <p>Calculating Cash to Close</p> <p>Loan Proceeds</p> <p>Total Closing Costs (A)</p> <p>Estimated Good Faith Estimate</p> <p>Estimated Cash to Close (B from Form 1026.37)</p> <p>Estimated Credit/Debit Received</p> <p>Net/More your Net Proceeds</p>
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- Q: How does a creditor determine the "third party" payments to be deducted from the loan amount to calculate the Closing Costs Financed? (1026.17(c) and .37(g))
- Q: Is the deposit or down payment subtracted as part of the calculation of Closing Costs Financed? (1026.37(h))
- Q: Is the calculation of the Closing Costs Financed line item affected by a seller credit? (1026.37(h))
