

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)

P. TOTAL CLOSING COSTS
 D + I
 Lender Credits

- 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 from Seller (Seller's Credit)</p> <p>Escrow</p> <p>Escrow to Seller</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 Total Credits and Payments</p> <p>Estimated Cash to Close (B from C to Borrower)</p> <p>Estimated Closing Costs Received</p> <p>Rebate from your Title Insurance</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))

Other Considerations (1026.37(m); Guide to Forms Section 2.4.3)

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 risk.
Assumption	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than _____ days late, we will charge a late fee of _____.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input type="checkbox"/> to transfer servicing of your loan.

- Q: Does the creditor need to disclose on the Loan Estimate that it will transfer servicing if the transfer is not immediate, but will happen at some later point in time during the life of the loan? (1026.37(m)(6))
- Q: Does the creditor need to disclose on the Loan Estimate that it will transfer servicing if the transfer is to the creditor's subsidiary or affiliate? (1026.37(m)(6))
- Q: Does the Appraisal notice satisfy the requirements of Regulation B, or does the creditor need to provide a separate disclosure for that requirement? (1026.37(m)(7))

Loan Estimate – Service Provider List (1026.19(e)(1)(vi) and Appendix H-27)

Additional Details for Services You Can Shop For
To get you started with shopping, this list identifies some providers for the services you can shop for (see Section C on page 2 of your Loan Estimate).

Service Provider List			
You can select these providers or shop for your own providers.			
Service	Estimate	Provider We Identified	Contact Information

- Q: How can a creditor communicate to the consumer that the identification of a service provider on the written list is not an endorsement of that service provider?
