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.

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
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?
Q: When the Sale Price of the property is not yet known, does the creditor disclose a label other than "Sale Price" for the Sale Price on the Loan Estimate? (1026.37(a)(7))

Q: If a loan product consists of a combination of two product types – e.g., a step rate for a set period of time, followed by an adjustable rate for the remaining term of the loan – how is the product to be described? Should it be described as an Adjustable Rate loan or as a Step Rate loan? (1026.37(a)(10))

Q: Is the mailing address for each Applicant the U.S. postal mailing address or can it be some other type of address? (1026.37(a)(5))

Q: If a broker is issuing a Loan Estimate but does not know the creditor, may the broker put its name in place of the creditor’s? (1026.37(a)(3))

Q: Section 1026.37(a)(12) indicates the creditor must disclose a unique loan ID number. If the creditor is unknown:

- Is the broker required to generate and disclose a unique ID number?
- Is the creditor required to disclose its own unique loan ID once there is a creditor for the loan?

Q: What interest rate should be disclosed where the initial interest rate is calculated using a different formula than that used for subsequent rate adjustments? (1026.37(b)(2))

Q: How does a creditor disclose items in the Loan Terms table where the applicable dates for changes to interest rate, periodic payments, balloon payments, or prepayment penalties are not in whole years? (1026.37(b)(8) and .37(a)(10))
Q: Can the amount disclosed for Estimated Taxes, Insurance & Assessments be for a time period other than monthly? (1026.37(c)(4) and .37(o)(5))

Q: If mortgage insurance will automatically terminate in the time period that would be included in the 4th column, how do I indicate that mortgage insurance will terminate before the end of the loan? (1026.37(c)(1)(ii))

Q: Must the escrow row be shown if no escrow account is established? (1026.37(c)(2))

Q: Are flood insurance premiums included in Homeowner's Insurance for purposes of the Escrow disclosure and the Taxes, Insurance & Assessments disclosure on the Projected Payments table? (1026.37(c)(4))
Q: Are the modifications to the Loan Estimate for transactions without a seller required? (1026.37(d) and .37(h))

Annotations provide regulatory citations to 12 CFR 1026.37(f)-(j)

See also Section 2.3 of the Guide to Forms

Sample forms available on web site

Q: If a creditor charges an origination fee that is a percentage of the loan amount, but it is not a “point paid to the creditor to reduce the interest rate,” may the creditor identify it as a point in some way to preserve its tax deductibility for the consumer? (1026.37(f)(1))

Q: Assume the creditor will pay a Loan-Level Price Adjustment (LLPA) to the secondary market purchaser (1026.37(f)(1)): If the creditor does not charge the consumer an upfront fee, but passes the cost of the LLPA on to the consumer through interest, is the creditor required to disclose the LLPA? If the creditor does charge the consumer an upfront fee, should it be disclosed as a “point” or an “origination charge”? If the creditor offers the borrower a zero or lower point option, and the consumer chooses to pay for discount points in an amount greater than the LLPA to obtain a lower rate, may the creditor disclose the amount paid as discount points rather than an origination charge?
Loan Costs 2 (1026.37(f) and (g); Guide to Forms Section 2.3.1)

- Q: Must a creditor disclose fees that are not allowed by FHA/VA? If so, where? (Comment 37-1; 1026.37(e))
- 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)

- 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)

- Q: How does a creditor determine the “third party” payments to be deducted from the loan amount to calculate the Closing Costs Financed? (1026.37(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))
Calculating Cash to Close 2

- Q: For the "Downpayment/Funds for Borrower" line item, does the "existing debt" being satisfied include any type of debt, other than debts disclosed under §1026.37(g), whether or not the creditor required it to be repaid?
- Q: What debt is disclosed under §1026.37(g) instead of as part of Payoffs and Payments under the alternative Calculating Cash to Close table?
- Q: Does the payoff of any outstanding debt of the consumer included as part of Payoffs and Payments or only those debts of the consumer that are required to be paid as a condition of the extension of credit? (1026.37(h)(2))

Calculating Cash to Close 3

- Q: Can the alternative cash to close table be used for multiple loan transactions without a seller? There is no line for the application of subordinate financing in the alternative Cash to Close table. (1026.37(h)(2))
- Q: Can the standard Calculating Cash to Close table disclose the Estimated Cash to Close amount as a negative number? (1026.37(h)(1))

Loan Estimate – AP & AIR Tables (1026.37(i) and (j); Guide to Forms Sections 2.3.5 and 2.3.6)

- Q: Are the adjustable payments and adjustable interest tables disclosed for a fixed rate loan? (1026.37(i) and .37(j))
• Annotations provide regulatory citations to 12 CFR 1026.37
• See also Section 2.4 of the Guide to Forms
• Sample forms available on web site

Q: In a loan with a mortgage broker, must both a creditor’s loan officer and a mortgage broker’s loan officer be listed? (1026.37(k); 1026.36(g))

Q: Should we use the same person’s NMLS identification number that will be identified on the note and other documents? (1026.37(k); 1026.36(g))

Q: Is the Annual Percentage Rate disclosed as a rounded amount or is it truncated at three decimal places? (1026.37(l) and .37(o)(4))
Other Considerations (1026.37(m); Guide to Forms Section 2.4.3)

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))

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?

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

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?