



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.

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 of 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.

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

Closing Information Date Issued: 4/15/2013 Closing Date: 4/15/2013 Disbursement Date: 4/15/2013 Settlement Agent: Epsilon Title Co. File #: 12-3456 Property: 456 Somewhere Ave, Anytown, ST 12345 Sale Price: \$180,000		Transaction Information Borrower: Michael Jones and Mary Stone 123 Anywhere Street, Anytown, ST 12345 Seller: Steve Cole and Amy Doe 321 Somewhere Drive, Anytown, ST 12345 Lender: Ficus Bank		Loan Information Loan Term: 30 years Purpose: Purchase Product: Fixed Rate Loan Type: <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> Loan ID #: 123456789 MIC #: 000654321	
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Loan Terms	Can this amount increase after closing?
Loan Amount	\$162,000 NO
Interest Rate	3.875% NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78 NO

Prepayment Penalty	YES - 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
Payment Calculation		
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91

Estimated Taxes, Insurance & Assessments <i>Amount can increase over time. See page 4 for details.</i>	\$356.13 a month This estimate includes: <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues See Escrow Account on page 4 for details. You must pay for other property costs separately.	In escrow? YES YES NO
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Costs at Closing	
Closing Costs	\$9,712.10 Includes \$4,694.05 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

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CLOSING DISCLOSURE PAGE 1 OF 5 - LOAN ID # 123456789

Page 1.

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

- Loan terms
- Loan amount
- Interest rate
- Monthly P&I
- 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.



The New Closing Disclosure Explained Con't.

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

Closing Cost Details				
Loan Costs	Borrower-Paid		Seller-Paid	
	At Closing	Before Closing	At Closing	Before Closing
A. Origination Charges				
01. 0.25 % of Loan Amount (Points)	\$405.00			
02. Application Fee	\$300.00			
03. Underwriting Fee	\$1,097.00			
04.				
05.				
06.				
07.				
08.				
B. Services Borrower Did Not Shop For				
01. Appraisal Fee				
02. Credit Report Fee				
03. Flood Determination Fee				
04. Flood Monitoring Fee				
05. Tax Monitoring Fee				
06. Tax Status Research Fee				
07.				
08.				
09.				
10.				
C. Services Borrower Did Shop For				
01. Post Inspection Fee				
02. Survey Fee				
03. Title - Insurance Binder				
04. Title - Lender's Title Insurance				
05. Title - Settlement Agent Fee				
06. Title - Title Search				
07.				
08.				
D. TOTAL LOAN COSTS (Borrower-Paid)				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80		
Other Costs				
E. Taxes and Other Government Fees				
01. Recording Fees				
02. Transfer Tax				
F. Prepaids				
01. Homeowner's Insurance Premium (12 mo.) to Insurance Co.				
02. Mortgage Insurance Premium (mo.)				
03. Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)				
04. Property Taxes (6 mo.) to Any County USA				
05.				
G. Initial Escrow Payment at Closing				
01. Homeowner's Insurance \$100.83 per month for 2 mo.				
02. Mortgage Insurance per month for mo.				
03. Property Taxes \$105.30 per month for 2 mo.				
04.				
05.				
06.				
07.				
08. Aggregate Adjustment				
H. Other				
01. HOA Capital Contribution to HOA Acce Inc.				
02. HOA Processing Fee to HOA Acce Inc.				
03. Home Inspection Fee to Engineers Inc.				
04. Home Warranty Fee to XYZ Warranty Inc.				
05. Real Estate Commission to Alpha Real Estate Broker				
06. Real Estate Commission to Omega Real Estate Broker				
07. Title - Owner's Title Insurance (optional) to Epsilon Title Co.				
08.				
I. TOTAL OTHER COSTS (Borrower-Paid)				
Other Costs Subtotals (E + F + G + H)	\$5,018.05			
J. TOTAL CLOSING COSTS (Borrower-Paid)				
Closing Costs Subtotals (D + I)	\$9,682.30	\$29.80	\$12,800.00	\$750.00
Lender Credits				\$405.00
CLOSING DISCLOSURE				
PAGE 2 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.

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
	Loan Estimate	Final	Did this change?
Total Closing Costs (I)	\$8,054.00	\$9,712.10	YES - See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	-\$29.80	YES - You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	-\$2,500.00	YES - See Seller Credits in Section L
Adjustments and Other Credits	\$0	-\$1,035.04	YES - See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing		M. Due to Seller at Closing	
01. Sale Price of Property	\$180,000.00	01. Sale Price of Property	\$180,000.00
02. Sale Price of Any Personal Property Included in Sale		02. Sale Price of Any Personal Property Included in Sale	
03. Closing Costs Paid at Closing (J)	\$9,682.30		
04.			
05.			
06.			
07.			
08.			
Adjustments		Adjustments	
09.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
07. City/Town Taxes to		09. City/Town Taxes to	
08. County Taxes to		10. County Taxes to	
09. Assessments to		11. Assessments to	
10. HSA Dues 4/15/13 to 4/30/13	\$80.00	12. HSA Dues 4/15/13 to 4/30/13	\$80.00
11.		13.	
12.		14.	
13.		15.	
14.		16.	
15.		17.	
16.		18.	
17.		19.	
L. Paid Already by or on Behalf of Borrower at Closing		N. Due from Seller at Closing	
01. Deposit	\$175,615.04	01. Excess Deposit	\$115,665.04
02. Loan Amount	\$162,000.00	02. Closing Costs Paid at Closing (J)	\$12,800.00
03. Existing Loan(s) Assumed or Taken Subject to		03. Existing Loan(s) Assumed or Taken Subject to	
04.		04. Payoff of First Mortgage Loan	\$100,000.00
05. Seller Credit	\$2,500.00	05. Payoff of Second Mortgage Loan	
06.			
07.			
08.			
09.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
Other Credits		Other Credits	
06. Rebate from Epsilon Title Co.	\$750.00	06. Seller Credit	\$2,500.00
07.		09.	
08.		10.	
09.		11.	
10.		12.	
11.		13.	
12.		14.	
13.		15.	
14.		16.	
15.		17.	
16.		18.	
17.		19.	
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
12. City/Town Taxes 1/1/13 to 4/14/13	\$365.04	14. City/Town Taxes 1/1/13 to 4/14/13	\$365.04
13. County Taxes to		15. County Taxes to	
14. Assessments to		16. Assessments to	
15.		17.	
16.		18.	
17.		19.	
CASH TO CLOSE		CASH TO CLOSE	
Total Due from Borrower at Closing (K)		Total Due to Seller at Closing (M)	
\$189,762.30		\$180,080.00	
Total Paid Already by or on Behalf of Borrower at Closing (L)		Total Due from Seller at Closing (N)	
-\$175,615.04		-\$115,665.04	
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower		Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	
\$14,147.26		\$64,414.96	

CLOSING DISCLOSURE

PAGE 3 OF 5 - LOAN ID # 123456789

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.

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

Additional Information About This Loan

Loan Disclosures

Assumption
☐ will allow, under certain conditions, this person to assume this loan on the original terms.
☒ will not allow assumption of this loan on the original terms.

Demand Feature
Your loan
☐ has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
☒ does not have a demand feature.

Late Payment
If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

Negative Amortization (Increase in Loan Amount)
Under your loan terms, you
☐ 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.
☐ 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.
☒ do not have a negative amortization feature.

Partial Payments
Your lender
☒ may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
☐ may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
☐ does not accept any partial payments.
If this loan is sold, your new lender may have a different policy.

Security Interest
You are granting a security interest in
456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account
For now, your loan
☒ will have an escrow account (also called an "impound" or "trust" account) to pay the property costs 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.

Escrow	
Escrowed Property Costs over Year 1	\$2,473.56
Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes	
Non Escrowed Property Costs over Year 1	\$1,800.00
Estimated total amount over year 1 for your non-escrowed property costs: Homeowner's Association Dues	
Initial Escrow Payment	\$412.25
A cushion for the escrow account you pay at closing. See Section G on page 2.	
Monthly Escrow Payment	\$206.13
The amount included in your total monthly payment.	

☐ will not have an escrow account because ☐ you declined it ☐ your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow

Estimated Property Costs over Year 1	
Escrow Waiver Fee	

In the future.
Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

CLOSING DISCLOSURE PAGE 4 OF 5 - LOAN ID # 123456789

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.

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%

Other Disclosures

Appraisal
If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details
See your note 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.

Liability after Foreclosure
If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance 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.
☐ state law does not protect you from liability for the unpaid balance.

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.

Tax Deductions
If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Questions? 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 www.consumerfinance.gov/mortgage-closing

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somewhere, ST 12340		789 Local Lane Somewhere, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somewhere, ST 12344
NMLS ID					
ST License ID			2765416	261456	261616
Contact	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID			P16415	P51461	PT1234
Email	joesmith@ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@epsilontitle.com
Phone	123-456-7890		123-555-1717	321-555-7171	987-555-4321

Confirm Receipt
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 - LOAN ID # 123456789

Page 5.

Under "Loan Calculations" heading, you will find:

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

Under "Other Disclosures," you will find:

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.