



Know before you close.

# 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 image shows a stack of five Closing Disclosure forms. The top form is the first page, which includes sections for Loan Information, Transaction Information, Loan Information, Loan Terms, Projected Payments, Costs at Closing, and Cash to Close. The forms are stacked, showing the second, third, fourth, and fifth pages underneath.

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 the Page 1 of Loan Estimate. 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 costs closing costs and cash to close.

## 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 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	Purchase
Disbursement Date	4/15/2013	Anytown, ST 12345		Product	Fixed Rate
Settlement Agent	Epsilon Title Co.	Seller	Steve Cole and Amy Doe	Loan Type	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #	12-3456		321 Somewhere Drive	<input type="checkbox"/> VA <input type="checkbox"/>	
Property	456 Somewhere Ave	Lender	Anytown, ST 12345	Loan ID #	123456789
	Anytown, ST 12345	Ficus Bank		MIC #	000654321
Sale Price	\$180,000				

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$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		Does the loan have these features?	
Payment Calculation	Years 1-7	Years 8-30	
Principal & Interest	\$761.78	\$761.78	
Mortgage Insurance	+ 82.35	+ —	
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13	
Estimated Total Monthly Payment	\$1,050.26	\$967.91	
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time See page 4 for details</small>	\$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 <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>	
		In escrow?	YES YES NO

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

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### Closing Cost Details

Loan Costs		Borrower-Paid		Seller-Paid		Paid by Others	
		At Closing	Before Closing	At Closing	Before Closing	At Closing	Before Closing
<b>A. Origination Charges</b>		\$1,802.00					
(01) 0.25 % of Loan Amount (Points)		\$405.00					
(02) Application Fee		\$100.00					
(03) Underwriting Fee		\$1,097.00					
(04)							
(05)							
(06)							
(07)							
(08)							
<b>B. Services Borrower Did Not Shop For</b>		\$236.55					
(01) Appraisal Fee	to John Smith Appraisers Inc.		\$29.80				\$405.00
(02) Credit Report Fee	to Information Inc.						
(03) Flood Determination Fee	to Info Co.	\$20.00					
(04) Flood Monitoring Fee	to Info Co.	\$31.25					
(05) Tax Monitoring Fee	to Info Co.	\$75.00					
(06) Tax Status Research Fee	to Info Co.	\$80.00					
(07)							
(08)							
(09)							
(10)							
<b>C. Services Borrower Did Shop For</b>		\$2,655.50					
(01) Pest Inspection Fee	to Pests Co.	\$120.50					
(02) Survey Fee	to Surveys Co.	\$85.00					
(03) Title - Insurance Binder	to Epsilon Title Co.	\$650.00					
(04) Title - Lender's Title Insurance	to Epsilon Title Co.	\$500.00					
(05) Title - Settlement Agent Fee	to Epsilon Title Co.	\$500.00					
(06) Title - Title Search	to Epsilon Title Co.	\$800.00					
(07)							
(08)							
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>		\$4,694.05					
Loan Costs Subtotals (A + B + C)		\$4,694.05		\$29.80			
<b>Other Costs</b>		\$85.00					
<b>E. Taxes and Other Government Fees</b>		\$85.00					
(01) Recording Fees	Deed: \$40.00 Mortgage: \$45.00	\$85.00					
(02) Transfer Tax	to Any State			\$950.00			
<b>F. Prepaids</b>		\$2,120.80					
(01) Homeowner's Insurance Premium (12 mo.)	to Insurance Co.	\$1,209.96					
(02) Mortgage Insurance Premium ( mo.)		\$229.04					
(03) Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)		\$631.80					
(04) Property Taxes ( 6 mo.) to Any County USA							
(05)							
<b>G. Initial Escrow Payment at Closing</b>		\$412.25					
(01) Homeowner's Insurance \$100.83 per month for 2 mo.		\$201.66					
(02) Mortgage Insurance per month for mo.							
(03) Property Taxes \$105.30 per month for 2 mo.		\$210.60					
(04)							
(05)							
(06)							
(07)							
(08) Aggregate Adjustment		-0.01					
<b>H. Other</b>		\$2,400.00					
(01) HOA Capital Contribution	to HOA Acme Inc.	\$500.00					
(02) HOA Processing Fee	to HOA Acme Inc.	\$150.00					
(03) Home Inspection Fee	to Engineers Inc.	\$750.00			\$750.00		
(04) Home Warranty Fee	to XYZ Warranty Inc.			\$450.00			
(05) Real Estate Commission	to Alpha Real Estate Broker			\$5,700.00			
(06) Real Estate Commission	to Omega Real Estate Broker			\$5,700.00			
(07) Title - Owner's Title Insurance (optional)	to Epsilon Title Co.	\$1,000.00					
(08)							
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>		\$5,018.05					
Other Costs Subtotals (E + F + G + H)		\$5,018.05					
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>		\$9,712.10					
Closing Costs Subtotals (D + I)		\$9,682.10		\$29.80		\$750.00	\$405.00
Lender Credits							

CLOSING DISCLOSURE

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# The New Closing Disclosure Explained.

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

## 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.

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 (J)	\$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	
<b>K. Due from Borrower at Closing</b>		<b>M. Due to Seller at Closing</b>	
\$189,762.30		\$180,080.00	
01 Sale Price of Property		01 Sale Price of Property	
\$180,000.00		\$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)		03	
\$9,682.30		04	
Adjustments		05	
05		06	
06		07	
07		08	
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to		09 City/Town Taxes to	
09 County Taxes to		10 County Taxes to	
10 Assessments to		11 Assessments to	
11 HOA Dues 4/15/13 to 4/30/13		12 HOA Dues 4/15/13 to 4/30/13	
\$80.00		\$80.00	
12		13	
13		14	
14		15	
15		16	
<b>L. Paid Already by or on Behalf of Borrower at Closing</b>		<b>N. Due from Seller at Closing</b>	
\$175,615.04		\$115,665.04	
01 Deposit		01 Excess Deposit	
\$10,000.00			
02 Loan Amount		02 Closing Costs Paid at Closing (J)	
\$162,000.00		\$12,800.00	
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
		04 Payoff of First Mortgage Loan	
		\$100,000.00	
04		05 Payoff of Second Mortgage Loan	
05 Seller Credit		06	
\$2,500.00		07	
Other Credits		08 Seller Credit	
06 Rebate from Epsilon Title Co.		\$2,500.00	
\$750.00		09	
Adjustments		10	
08		11	
09		12	
10		13	
11		14	
Adjustments for Items Unpaid by Seller		15	
12 City/Town Taxes 1/1/13 to 4/14/13		\$365.04	
13 County Taxes to		16	
14 Assessments to		17	
15		18	
16		19	
17		20	
<b>CALCULATION</b>		<b>CALCULATION</b>	
Total Due from Borrower at Closing (K)		\$180,080.00	
Total Due Already by or on Behalf of Borrower at Closing (L) - \$175,615.04		Total Due from Seller at Closing (N)	
		-\$115,665.04	
<b>Cash to Close</b> <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower		<b>Cash</b> <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	
\$14,147.26		\$64,414.96	

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### Additional Information About This Loan

#### Loan Disclosures

##### Assumption

If you sell or transfer this property to another person, your lender ☐ 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 new, 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
You may have other property costs.		
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	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
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

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# The New Closing Disclosure Explained.

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## 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	
<b>Total of Payments.</b> Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$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 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.	
<b>Finance Charge.</b> The dollar amount the loan will cost you.	\$118,830.27	<b>Contract Details</b> See your note and security instrument for information about: <ul style="list-style-type: none"><li>• what happens if you fail to make your payments,</li><li>• what is a default on the loan,</li><li>• situations in which your lender can require early repayment of the loan, and</li><li>• the rules for making payments before they are due.</li></ul>	
<b>Amount Financed.</b> 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 balance on this loan: <ul style="list-style-type: none"><li><input checked="" type="checkbox"/> 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.</li><li><input type="checkbox"/> state law does not protect you from liability for the unpaid balance.</li></ul>	
<b>Annual Percentage Rate (APR).</b> 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.	
<b>Total Interest Percentage (TIP).</b> The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%	<b>Tax Deductions</b> 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](http://www.consumerfinance.gov/mortgage-closing)

Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
<b>Name</b>	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
<b>Address</b>	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Some town, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
<b>NMLS ID</b>					
<b>ST License ID</b>			Z765416	Z61456	Z61616
<b>Contact</b>	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
<b>Contact NMLS ID</b>	12345				
<b>Contact ST License ID</b>			P16415	PS1461	PT1234
<b>Email</b>	joesmith@ficusbank.com		sam@omegabiz	joe@alphabiz	sarah@epsilontitle.com
<b>Phone</b>	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
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