

The Closing Disclosure Explained

On October 3, 2015, federal regulations mandated the implementation of a new form - the Closing Disclosure (CD) – for most residential loan transactions. This new form replaces the HUD-1 Settlement Statement and Truth-in-Lending document that was previously required for residential transactions.

This is a brief overview of the Closing Disclosure.

Page 1

Page 1 of the Closing Disclosure includes the following Information:

- Loan terms
- Loan amount
- Interest rate
- Monthly P&I, and
- Any prepayment penalty or balloon payment.

This page also discloses the amount of the monthly escrow deposit for taxes and insurance, states the total closing cost amount for the borrower and how much money the borrower will need to bring to settlement.

Page

Page 2 of the Closing Disclosure is similar to the HUD-1 Settlement Statement. It provides a breakdown of all the closing costs and fees associated with the transaction, as well as the party responsible for paying each of the costs and fees.

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	
Date Issued	4/15/2013	Borrower	Michael Jones and Mary Stone
Closing Date	4/15/2013	123 Anywhere Street	
Disbursement Date	4/15/2013	Anytown, ST 12345	
Settlement Agent	Epsilon Title Co.	Seller	Steve Cole and Amy Doe
File #	12-3456	321 Somewhere Drive	
Property	456 Somewhere Ave	Anytown, ST 12345	
Sale Price	\$180,000	Lender	Ficus Bank
		Loan Term	30 years
		Purpose	Purchase
		Product	Fixed Rate
		Loan Type	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
		Loan ID #	123456789
		MIC #	000654321
Loan Terms		Can this amount increase after closing?	
Loan Amount	\$162,000	NO	
Interest Rate	3.875%	NO	
Monthly Principal & Interest	\$761.78	NO	
<i>See Projected Payments below for your Estimated Total Monthly Payment</i>			
Prepayment Penalty		Does the loan have these features?	
YES		As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment		NO	
Projected Payments			
Payment Calculation	Years 1-7	Years 8-30	
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	\$356.13	This estimate includes	
<i>Amount can increase over time</i>	<i>a month</i>	<input checked="" type="checkbox"/> Property Taxes	
<i>See page 4 for details</i>		<input checked="" type="checkbox"/> Homeowner's Insurance	
		<input checked="" type="checkbox"/> Other: Homeowner's Association Dues	
		<i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	
		In escrow?	
		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 Cost Details		Borrower-Paid		Seller-Paid		Paid by Others	
		At Closing	Before Closing	At Closing	Before Closing		
Loan Costs							
A. Origination Charges		\$1,802.00					
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							
09							
10							
B. Services Borrower Did Not Shop For		\$236.55					
01	Appraisal Fee to: John Smith Appraisers Inc.					\$405.00	
02	Credit Report Fee to: Information Inc.		\$29.80				
03	Flood Determination Fee to: Info Co.	\$20.00					
04	Flood Monitoring Fee to: Info Co.	\$31.75					
05	Tax Monitoring Fee to: Info Co.	\$75.00					
06	Tax Status Research Fee to: Info Co.	\$80.00					
07							
08							
09							
10							
C. Services Borrower Did Shop For		\$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.	\$80.00					
07							
08							
09							
10							
D. TOTAL LOAN COSTS (Borrower-Paid)		\$4,694.05					
Loan Costs Subtotals (A + B + C)		\$4,664.25	\$29.80				
Other Costs							
E. Taxes and Other Government Fees		\$85.00					
01	Recording Fees Dwd: \$40.00 Mortgage: \$45.00	\$85.00					
02	Transfer Tax to Any State			\$95.00			
F. Prepays		\$2,120.80					
01	Homeowner's Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96					
02	Mortgage Insurance Premium (mo.)						
03	Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)	\$279.04					
04	Property Taxes (6 mo.) to Any County USA	\$631.80					
05							
G. Initial Escrow Payment at Closing		\$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 mos.	\$210.60					
04							
05							
06							
07							
08							
09							
10							
H. Other		\$2,400.00					
01	HOA Capital Contribution to HOA Acct Inc.	\$500.00					
02	HOA Processing Fee to HOA Acct 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							
I. TOTAL OTHER COSTS (Borrower-Paid)		\$5,018.05					
Other Costs Subtotals (E + F + G + H)		\$5,018.05					
J. TOTAL CLOSING COSTS (Borrower-Paid)		\$9,712.10					
Closing Costs Subtotals (D + I)		\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00	
Lender Credits							

Page 5

Page 5, contains the following under “Loan Calculations”:

- 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 :

- Appraisal (if applicable)
- Contract details
- Liability after foreclosure
- Refinance information
- Tax deductions

The bottom of Page 5 contains Contact Information for the parties involved and signature lines.

Loan Calculations		Other Disclosures	
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	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.	
Finance Charge. The dollar amount the loan will cost you.	\$118,630.27	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.	
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00	Liability after Foreclosure If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan <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. <input type="checkbox"/> state law does not protect you from liability for the unpaid balance.	
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%	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.	
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%	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. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS ID					
ST License ID			2765416	Z61456	Z61616
Contact	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID			P16415	PS1461	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
_____	_____	_____	_____

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