

COMPLIANCE 101



For my next trick, I will make RESPA seem logical

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TIB Conference October 4, 2011

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Compliance 101 presented by

peirsonpatterson, llp

Arlington, Texas

COMPLIANCE 101

TIB Conference

October 4, 2011

RESPA is based on collateral and not purpose: 1-4 housing

TILA is based on purpose: If it is for personal, family, household use, it is covered.

Right of Rescission: you always count Saturday as one of three days unless it is a holiday.

Be sure you know the difference in the definition of an “application” and have it described in your Policy & Procedures Manual. There is a copy in your hand out of the various descriptions per regulation.

GFE

When do you have an application for the GFE?

A loan originator must issue a GFE no later than 3 business days after the loan originator receives an application or information sufficient to complete an application. Application is defined as the submission of a borrower’s financial information in anticipation of a credit decision relating to a federally related mortgage loan, which shall include the following: (1) borrower’s name, (2) borrower’s monthly income; (3) borrower’s social security number to obtain a credit report; (4) **property address**; (5) estimate of value of the property; (6) loan amount and (7) any other information deemed necessary by the loan originator.

Timing

You cannot collect ANY fee but the cost of the credit report until the borrower has the TIL in hand. Allow three days for mailing the TIL.

Things to remember

DO NOT ISSUE A GFE FOR PREAPPROVAL OR TO SHOW A CLIENT WHAT COSTS MIGHT BE on the GFE form. Use a worksheet only and it cannot resemble the GFE.

The GFE is to include every fee charged for this loan unless state law requires it to be paid by seller or lender. This does not include a common practice among lenders. i.e. in Texas sellers always pay for the owners title policy. Has to be on the buyer's side of GFE and HUD-1 and then credit from seller on page 1 Of the HUD-1 or the GFE worksheet.

You cannot request a copy of the sales contract until the borrowers confirm they are going ahead with the application. It is a privacy issue.

Completing the GFE Page 1

#1 – never put N/A. Can put today's date and time can be as little as 5 mins from now. (8/21/2011 5pm)

#2 – must be at least 10 business days or more from date mailed/given to borrower. Do not count Sunday or holidays or Saturdays if you are not open for full bank business (i.e. – just the drive in is open). This date never changes on any revised GFE that follows.

#3 – if you don't have a rate lock period in your bank then put **N/A**

#4 – if you don't have a rate lock period (you lock day of closing), you can put **N/A**

Loan term – actual term of loan – not amortization term (i.e. Balloon is 5 years term)

Payment is always figured **monthly** regardless of what the TIL and Note say. Our system will convert it for you if necessary. Do not override the conversion.

2nd PAGE – Box A (0 tolerance)

#1 Origination charge (this fee cannot increase unless the loan amount changes and only those fees based on the loan amount can change)

The feds consider the following to be administrative and service fees from the lender even if they are paid to a third party.

Attorney doc prep fee (our fee)

MERS fee

Underwriting, processing, administrative: all fees lender charged to process the file (even appraisal fee if you have an in house appraiser you use, your own inspection fee, review fee, closing fee, amortization fee). Any "junk" fee **you** charge

Escrow Waiver fee if known up front

Fee from TIB

IRS filing fee

2nd page Box A Credit or charge for the interest rate (**0 tolerance**)

Included in the figure above

Received a credit of \$____ for above par rate of ____% (**this credit is for interest rate** or the rebate of some or all of YSP. If you put your "no cost" credit here and fees are less than anticipated, the borrower still gets the full credit.

Paid a premium of \$____ for below par rate of ____% (borrower is charged a discount for below par pricing)

2nd Page Box B – Other settlement charges. (This has a 10% tolerance)

#3 – Services we require

VOE and VOD charges by banks, if you know them at the time

Appraiser (in-house appraiser goes in Origination fee)

Survey: if you are requiring a particular company: Box 3

If you do not require a particular one or use an old one: Box 6

Using an old one, it is still listed with \$0 charge in Box 6

If the title company is the one who requires it: Box 4 with title charges

HOA certifications

2nd lien subordination fee

VA funding fee, PMI upfront fee, MIP upfront fee, USDA guaranty fee

Title search fee if there is no title company involved (can also put in the

1100 series)

Tax and Flood search fee

Credit Report (even if lender is paying it – it must be shown)

BOXES 4, 5, 6: ALL REQUIRE SUGGESTED SERVICE PROVIDERS

These boxes carry a 10% tolerance unless borrower doesn't select the suggested title company. You must give a suggested provider form with at least one name. If borrower chooses same company but a different office, it is still considered picking their own and the tolerance rules are off. Different offices have different prices. Be sure you pick one that is convenient for them. If you don't give a suggested provider, any difference will go into the 10% calculation.

#4 – Title Fees (**PLEASE NOTE**: this box does **NOT** include owner's title policy)

#5 – Owners Title Policy This **MUST** be separated from the box above and not be included in Box 4. 10% tolerance unless borrower chooses another title company other than the one suggested.

#6 - Services you require but borrower may choose provider. You are **required** to suggest at least one service provider for each charge. The service provider list must have their name, address and phone number at a minimum.

Survey if borrower has option

Pest or inspection fee that is required

IF YOU DON'T PROVIDE A SUGGESTED PROVIDERS LIST FOR SERVICES CHARGED IN BOX 4, 5, 6, ANY DIFFERENCES BETWEEN GFE AND HUD-1 FEE WILL BE IN THE 10% TOLERANCE COLUMN.

#7 - Government recording charges – this box has a 10% tolerance

#8 - Transfer charges – if state law requires the seller to pay all of this charge you may leave it blank. Missouri does not have this charge

#9 – initial deposits for escrow account. No tolerance calculated

#10 – Daily interest charges –no tolerance calculated

#11 – Homeowners insurance. For a refinance or second lien where no new upfront policy is being written, **put \$0** and not N/A. List flood, hazard insurance. Do not list credit life type insurance. This has no tolerance calculation

POC Items

You cannot show POC items on the GFE form

It is best to list them on the GFE worksheet and show the POC amount paid as a credit. On the HUD-1 you will show the charge as usual, POC on the line pertaining to that fee (except 801 and 802). Credits from seller or lender on page 1. Same with MIP refund. Show the full charge on line 902 and the refund credit on Page 1

Changed Circumstances

If you have a changed circumstance, you have 3 days from receipt (not reading or finding out about it) to issue a revised GFE. There is no such thing as a "new" GFE once one has been accepted. There is only a "revised" GFE. The "new GFE" is if the 10 days have passed and the borrower then comes back and agrees to make the loan.

There are no "oopsies"...I forgot to list a fee. Or "oops" I put it on the wrong line.

A changed circumstance is not one that comes up later because a thorough application wasn't taken.

Changing investors is not a changed circumstance – that is not the borrowers fault.

Acceptable changed circumstances: you must always have proof in the file of the changed circumstance and it is best to have a form or a letter filled out covering the changes and acknowledged by the borrower. Evidence must be kept for 3 years.

Appraisal came in low

Borrower didn't qualify for loan applied for and must change programs – like a conventional to an FHA

Warranty Deed is required unexpectedly

Interest changed...you can not change Box 1 and 2 from the original GFE even when locking it at that rate if the rate did not change. If you showed 5% on the GFE with the fees based on that rate, you can not lock the loan at 5% and add or subtract fees in Box 1 and 2

To show lender credit, show it on the work sheet and then on Page 1 of the HUD-1.

FOR ALL CHANGED CIRCUMSTANCES YOU HAVE 3 DAYS TO REISSUE THE GFE – 3 days from the date you receive it and not 3 days from the day someone looks at it.

Check the figures and see if it is going to make a difference larger than the 10% allowed before you go through the time to issue a new GFE if you have already locked the loan.

Qualified Residential Mortgages

A subject still undefined but we will discuss the latest updates

Dodd-Frank Update

Other Items of Note

HELOCS now requiring an opening disclosure that is much like the application disclosure. It is required when first draw is taken to remind the borrower of the terms.

Appraisal questions

FNMA allows an appraisal waiver for a fee but you never know if it is going to be waived or not.

If you include it and then take it off if it doesn't work out... You may be charged by your regulator with padding the fees. However, check with your regulator first. Also ask if they want it listed in Box 1 or 3

If you change investors and the new one wants a second appraisal because he wants another appraisal company to do it, you can't charge the borrower because the borrower didn't change investors – you did.

If the investor finds the appraisal weak and insufficient, that is a changed circumstance and you can charge the borrower for a second one. Be careful with this extra charge.

FNMA page for Uniform Appraisal Data Program

<https://www.efanniemae.com/sf/lqi/umdp/uad/index.jsp>

Risk Based Pricing Notice

If you give a Risk Based Pricing Notice at application, then you don't need to give the Notice to Home Loan Applicants that shows lists the three repositories required under the FACT Act. The same information is on page 3 of the Risk Based Pricing Notice

Adverse Action Notice

Be sure you are using the most current one that has the credit score information on it if a credit score was used.

ECOA

Be sure to include the ECOA notice of the right to receive an appraisal with your early disclosures. If you deny the loan before closing, the borrower is to be advised of his right to the appraisal.

ECOA also applies to business loans.

Fair Lending is a hot topic for the regulators and the new Bureau (CFPB)

Thoughts to Ponder

QUESTIONS: cheryl@ppdocs.com or 817-784-2031



Good Faith Estimate (GFE)

Name of Originator: TIB - The Independent Bankers Bank a State Bank	Borrower: John Doe and Jane Doe
Originator Address: 350 Phelps Drive Irving, TX 75038	Property Address: 123 Some Where Street Branson MO 65615
Originator Phone Number: (800) 695-4842	
Originator Email: dcrawford@mybankersbank.com	Date of GFE: September 21, 2011

Purpose This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's *Special Information Booklet* on settlement charges, your *Truth-in-Lending Disclosures*, and other consumer information at www.hud.gov/respa. If you decide you would like to proceed with this loan, contact us.

Shopping for your loan Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the shopping chart on page 3 to compare all the offers you receive.

- Important dates**
- The interest rate for this GFE is available through 09/21/2011 ^{DATE OF ESTIMATE}. After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate. ^{NEVER CHANGE}
 - This estimate for all other settlement charges is available through 10/05/2011.
 - After you lock your interest rate, you must go to settlement within 10 days (your rate lock period) to receive the locked interest rate.
 - You must lock the interest rate at least N/A days before settlement.

Summary of your loan

Your initial loan amount is	\$ 100,000.00 ^{NOTE AMOUNT}
Your loan term is	30 years ^{ACTUAL TERM}
Your initial interest rate is	3.250 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 435.21 ^{per month}
Can your interest rate rise? ^{Step Rate - ARM}	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes, it can rise to a maximum of 6.250 %. The first change will be in 60 months
Even if you make payments on time, can your loan balance rise? ^{Negative ARM}	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of
Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise? ^{Step, ARM, Interest Only}	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes, the first increase can be in 61 months and the monthly amount owed can rise to \$ 522.08. The maximum it can ever rise to is \$ 696.41
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ due in years.

Escrow account information

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ 435.21.

Do we require you to have an escrow account for your loan?

No, you do not have an escrow account. You must pay these charges directly when due

Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

Summary of your settlement charges

A	Your Adjusted Origination Charges (See page 2)	\$ 1,850.00
B	Your Charges for All Other Settlement Services (See page 2)	\$ 5,260.51
A + B	Total Estimated Settlement Charges	\$ 7,110.51

Understanding your estimated settlement charges

Your Adjusted Origination Charges																		
801	1. Our origination charge This charge is for getting this loan for you.	\$1,850.00																
802	2. Your credit or charge (points) for the specific interest rate chosen <input checked="" type="checkbox"/> The credit or charge for the interest rate of <u>3.250</u> % is included in "Our origination charge." (See Item 1 above.) <input type="checkbox"/> You receive a credit of \$ <u> </u> for this interest rate of <u> </u> %. This credit reduces your settlement charges. <input type="checkbox"/> You pay a charge of \$ <u> </u> for this interest rate of <u> </u> %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	<div style="border: 1px solid black; padding: 2px; width: fit-content;"> Credit Rate only Discount include Rate Lock Extension fee </div> \$0.00																
A	Your Adjusted Origination Charges	\$ 1,850.00																
Your Charges for All Other Settlement Services																		
800 series	3. Required services that we select These charges are for services we require to complete your settlement. We will choose the providers of these services. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Service</th> <th>Charge</th> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td>Appraisal fee</td> <td>\$400.00</td> <td>Credit report</td> <td>\$78.50</td> </tr> <tr> <td>Tax service</td> <td>\$90.00</td> <td>Flood certification</td> <td>\$12.00</td> </tr> <tr> <td>PMI/VAFF/MI/USDA FEES</td> <td>\$02</td> <td></td> <td></td> </tr> </tbody> </table> usual charges	Service	Charge	Service	Charge	Appraisal fee	\$400.00	Credit report	\$78.50	Tax service	\$90.00	Flood certification	\$12.00	PMI/VAFF/MI/USDA FEES	\$02			10% \$581.50
Service	Charge	Service	Charge															
Appraisal fee	\$400.00	Credit report	\$78.50															
Tax service	\$90.00	Flood certification	\$12.00															
PMI/VAFF/MI/USDA FEES	\$02																	
1100 series	4. Title services and lender's title insurance This charge includes the services of a title or settlement agent, for example, and title insurance to protect the lender, if required.	10% \$750.00																
1100 series	5. Owner's title insurance You may purchase an owner's title insurance policy to protect your interest in the property.	10% *\$1,570.00																
	6. Required services that you can shop for These charges are for other services that are required to complete your settlement. We can identify providers of these services or you can shop for them yourself. Our estimates for providing these services are below. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Service</th> <th>Charge</th> <th>Service</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td>Pest Inspection</td> <td>\$150.00</td> <td>Survey</td> <td>\$450.00</td> </tr> </tbody> </table> 800s 1100s 1300s	Service	Charge	Service	Charge	Pest Inspection	\$150.00	Survey	\$450.00	10% \$600.00								
Service	Charge	Service	Charge															
Pest Inspection	\$150.00	Survey	\$450.00															
1201 series	7. Government recording charges These charges are for state and local fees to record your loan and title documents.	10% \$120.00																
1203 series	8. Transfer taxes These charges are for state and local fees on mortgages and home sales.	zero tolerance \$0.00																
1000 series	9. Initial deposit for your escrow account This charge is held in an escrow account to pay future recurring charges on your property and includes <input checked="" type="checkbox"/> all property taxes, <input checked="" type="checkbox"/> all insurance, and <input type="checkbox"/> other <u> </u> .	N/A \$1,549.97																
901	10. Daily interest charges This charge is for the daily interest on your loan from the day of your settlement until the first day of the next month or the first day of your normal mortgage payment cycle. This amount is \$ <u>8.9041</u> per day for <u>10</u> days (if your settlement is <u>September 21, 2011</u>).	N/A \$89.04																
903 904	11. Homeowner's insurance This charge is for the insurance you must buy for the property to protect from a loss, such as fire. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Policy</th> <th>Charge</th> <th>Policy</th> <th>Charge</th> </tr> </thead> <tbody> <tr> <td colspan="4">do NOT list credit life on GFE</td> </tr> </tbody> </table>	Policy	Charge	Policy	Charge	do NOT list credit life on GFE				N/A \$0.00								
Policy	Charge	Policy	Charge															
do NOT list credit life on GFE																		
B	Your Charges for All Other Settlement Services	\$ 5,260.51																
A + B	Total Estimated Settlement Charges	\$ 7,110.51																

Some of these charges can change at settlement. See the top of page 3 for more information.

* Paid by seller per the sales contract



Instructions

Understanding which charges can change at settlement

The GFE estimates your settlement charges. At your settlement, you will receive a HUD-1 statement which shows your actual costs. Compare the charges on the HUD-1 with the charges on the GFE. Charges can change if you select your own provider and do not use the companies we identify. See below for details.

These charges cannot increase at settlement:	The total of these charges can increase up to 10% at settlement:	These charges can change at settlement:
<ul style="list-style-type: none"> Our origination charge Your credit or charge point for the specific interest rate chosen (after you lock in your interest rate) Your adjusted origination charges (after you lock in your interest rate) Transfer taxes 	<ul style="list-style-type: none"> Required services that we select Title services and lender's title insurance (if we select them or you use companies we identify) Owner's title insurance (if you use companies we identify) Required services that you can shop for (if you use companies we identify) Government recording charges 	<ul style="list-style-type: none"> Required services that you can shop for (if you do not use companies we identify) Title services and lender's title insurance (if you do not use companies we identify) Owner's title insurance (if you do not use companies we identify) Initial deposit for your escrow account Day 1 interest charges Homeowner's insurance

Box 1 & 2

Box 3, 4, 5, (6), 7

Using the tradeoff table

In this GFE we offered you this loan with a particular interest rate and estimated settlement charges. However:

- If you want to choose the same loan with **lower settlement charges**, then you will have a **higher interest rate**.
- If you want to choose the same loan with a **lower interest rate**, then you will have **higher settlement charges**.

If you would like to choose an alternative option, you must ask us for a new GFE.

Loan originators have the option to complete this table. Please ask for additional information if the table is not completed.

	The loan in this GFE	The same loan with a lower settlement charges	The same loan with a lower interest rate
Your initial loan amount	\$ 100,000.00	\$	\$
Your initial interest rate	3.250%	%	%
Your initial monthly amount owed	\$ 435.21	\$	\$
Change in the monthly amount owed from this GFE	% change	You will pay \$ more every month	You will pay \$ less every month
Change in the amount you will pay at settlement with this interest rate	% change	Your settlement charges will be reduced by \$	Your settlement charges will increase by \$
How much your total estimated settlement charges will be	\$ 7,150.76	\$	\$

*For an adjustable rate loan, the comparisons above are for the initial interest rate before adjustments are made.

Using the shopping chart

Use this chart to compare GFEs from different loan originators. Fill in the information by using a different column for each GFE you receive. By comparing loan offers, you can shop for the best loan.

	This loan	Loan 2	Loan 3	Loan 4
Loan originator name	TIB - The Independent			
Initial loan amount	\$100,000.00			
Loan term	30			
Initial interest rate	3.250%			
Initial monthly amount owed	\$435.21			
Rate lock period	10			
Can interest rate rise?	Yes			
Can loan balance rise?	No			
Can monthly amount owed rise?	Yes			
Prepayment penalty?	No			
Ballon payment?	No			
Total Estimated Settlement Charges	\$7,150.76			

If your loan is sold in the future

Some lenders may sell your loan after settlement. Any fees lenders receive in the future cannot change the loan you receive or the charges you paid at settlement.





Good Faith Estimate (GFE)

OMB Approval No. 2502-0265

This document was drafted by
peirsonpatterson.llp

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Construction Loan GFE

Mortgage Company First National Bank of Weatherford Office Address 220 Palo Pinto Street, P.O. Box 730 Weatherford, TX 76086 Customer Phone Number (817) 598-4800 Originator Email gedwards@fnbweatherford.com	Property Address
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Purpose This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's *Special Information Booklet* on settlement charges, your *Truth-in-Lending Disclosure*, and other consumer information at www.hud.gov/respa. If you decide you would like to proceed with this loan, contact us.

Shopping for your loan Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the shopping chart on page 3 to compare all the offers you receive.

- Important dates**
- The interest rate for this GFE is available through [redacted]. After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
 - This estimate for all other settlement charges is available through [redacted: N/A].
 - After you lock your interest rate, you must go to settlement within [redacted: N/A] days (your rate lock period) to receive the locked interest rate.
 - You must lock the interest rate at least [redacted: N/A] days before settlement.

Summary of your loan

Your initial loan amount is	\$ 140,000.00
Your loan term is	1 years
Your initial interest rate is	6.000 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ 357.78 per month.
Can your interest rate rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of % The first change will be in
Even if you make payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of
Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes, the first increase can be in and the monthly amount owed can rise to \$ 715.56. The maximum it can ever rise to is \$ 715.56
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$
Does your loan have a balloon payment?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes, you have a balloon payment of \$ 140,000.00 due in 1 years.

Escrow account information

Some lenders require an escrow account to hold funds for paying property taxes or other property-related charges in addition to your monthly amount owed of \$ 357.78.

Do we require you to have an escrow account for your loan?

No, you do not have an escrow account. You must pay these charges directly when due.

Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

Summary of your settlement charges

A	Your Adjusted Origination Charges (see page 2)	\$ 1,400.00
B	Your Charges for All Other Settlement Services (see page 2)	\$ 0.00
A + B	Total Estimated Settlement Charges	\$ 1,400.00



Lender:
Borrower:
Property:

Changed Circumstances Notice

Loan #

Dear Borrower:

Attached is a revised Good Faith Estimate. See the description of the change below.

Allowable Reasons –

1. You have elected to lock-in your interest rate, which revises one or more of the interest rate dependent charges and terms.
Or
2. Your rate lock expired and you have re-locked your interest rate, which revises one or more of the interest rate dependent charges and terms.
Or
3. The loan request involves a new home purchase (ie., a home to be constructed or under construction) where settlement is anticipated to occur more than 60 days from when the original GFE was provided.
Or
4. There has been a “changed circumstance” affecting the settlement costs.
Or
5. There has been a “changed circumstance” affecting the requested loan.
Or
6. You requested changes to the loan identified in the GFE that either change the settlement charges or the terms of the loan.

Description of change:

Please sign below acknowledging these changes.

Signature

Date

(Sign Originals Only)

Changed Circumstances Notice

1110060911 [Doc Id 2429 M03162011]

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peirsonpatterson,llp

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This document is for preview purposes ONLY and
should NOT be executed as a final and approved
legal document.

RESPA New Home Construction Disclosure
(Anticipated GFE Revision for New Home Construction)

Loan # 12345 Branson

Applicant: Tom TIB

Loan Originator: CK Mortgage,
1111 West Arkansas, Arlington, TX 76013

Property: 123 Main
Branson, MO 76133

When a loan applicant is provided a Good Faith Estimate (GFE) involving a new home under construction regulations implementing the Real Estate Procedures Act (RESPA) in pertinent part provide:

New home purchases. In transactions involving new home purchases, where settlement is anticipated to occur more than 60 calendar days from the time a GFE is provided, the loan originator may provide the GFE to the borrower with a clear and conspicuous disclosure stating that at any time up until 60 calendar days prior to closing, the loan originator may issue a revised GFE. If no such separate disclosure is provided, the loan originator cannot issue a revised GFE, except as otherwise allowed.

Loan Originator anticipates that your loan settlement may occur more than 60 calendar days from now. Loan Originator may issue a revised GFE at any time up to 60 days prior to your closing.

Signature

Date

Tom TIB

(Sign Originals Only)

RESPA New Home Construction Disclosure

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1420090811 [Doc Id 1120 M06292010]

Application definitions

Application- it is imperative that you have an application described in your Policy and Procedures Manual.

RESPA -

- (f) *Application* means an oral or written request for an extension of credit that is made in accordance with procedures used by a creditor for the type of credit requested. The term application does not include the use of an account or line of credit to obtain an amount of credit that is within a previously established credit limit. A *completed application* means an application in connection with which a creditor has received all the information that the creditor regularly obtains and considers in evaluating applications for the amount and type of credit requested (including, but not limited to, credit reports, any additional information requested from the applicant, and any approvals or reports by governmental agencies or other persons that are necessary to guarantee, insure, or provide security for the credit or collateral). The creditor shall exercise reasonable diligence in obtaining such information.

ECOA – some one asks you orally or in writing for a loan

1. *General.* A creditor has the latitude under the regulation to establish its own application process and to decide the type and amount of information it will require from credit applicants.
2. *Procedures used.* The term "procedures" refers to the actual practices followed by a creditor for making credit decisions as well as its stated application procedures. For example, if a creditor's stated policy is to require all applications to be in writing on the creditor's application form, but the creditor also makes credit decisions based on oral requests, the creditor's procedures are to accept both oral and written applications.
3. *When an inquiry or prequalification request becomes an application.* A creditor is encouraged to provide consumers with information about loan terms. However, if in giving information to the consumer the creditor also evaluates information about the consumer, decides to decline the request, and communicates this to the consumer, the creditor has treated the inquiry or prequalification request as an application and must then comply with the notification requirements under §202.9. Whether the inquiry or prequalification request becomes an application depends on how the creditor responds to the consumer, not on what the consumer says or asks. (See comment 9-5 for further discussion of prequalification requests; see comment 2(f)-5 for a discussion of preapproval requests.)
4. *Examples of inquiries that are not applications.* The following examples illustrate situations in which only an inquiry has taken place:
 - i. A consumer calls to ask about loan terms and an employee explains the creditor's basic loan terms, such as interest rates, loan-to-value ratio, and debt-to-income ratio.
 - ii. A consumer calls to ask about interest rates for car loans, and, in order to quote the appropriate rate, the loan officer asks for the make and sales price of the car and the amount of the downpayment, then gives the consumer the rate.
 - iii. A consumer asks about terms for a loan to purchase a home and tells the loan officer her income and intended downpayment, but the loan officer only explains the creditor's loan-to-value ratio policy and other basic lending policies, without telling the consumer whether she qualifies for the loan.
 - iv. A consumer calls to ask about terms for a loan to purchase vacant land and states his income and the sales price of the property to be financed, and asks whether he qualifies for a loan;

the employee responds by describing the general lending policies, explaining that he would need to look at all of the consumer's qualifications before making a decision, and offering to send an application form to the consumer.

5. *Examples of an application.* An application for credit includes the following situations:
- i. A person asks a financial institution to "preapprove" her for a loan (for example, to finance a house or a vehicle she plans to buy) and the institution reviews the request under a program in which the institution, after a comprehensive analysis of her creditworthiness, issues a written commitment valid for a designated period of time to extend a loan up to a specified amount. The written commitment may not be subject to conditions other than conditions that require the identification of adequate collateral, conditions that require no material change in the applicant's financial condition or creditworthiness prior to funding the loan, and limited conditions that are not related to the financial condition or creditworthiness of the applicant that the lender ordinarily attaches to a traditional application (such as certification of a clear termite inspection for a home purchase loan, or a maximum mileage requirement for a used car loan). But if the creditor's program does not provide for giving written commitments, requests for preapprovals are treated as prequalification requests for purposes of the regulation.
 - ii. Under the same facts as above, the financial institution evaluates the person's creditworthiness and determines that she does not qualify for a preapproval.

must have an address

TIL – must have an address to issue a TIL. The rule does not have a definition of an application because it covers residential, credit card and automobile, etc. all consumer credit.

When A Business Day Is/Isn't A Business Day

Truth in Lending now has two definitions of business day, used for three different purposes in the regulation. Other lending regulations have similar but slightly different definitions of business day. It makes counting days fairly complicated. To help you sort out the confusion, we offer the following chart.

For general purposes, the definition of business day (the general definition) is a day that the bank is open for most business functions. At a minimum, that means a day when a customer may enter the bank and apply for a loan. For special consumer protection purposes, such as the waiting period for rescission and special high cost loans, Regulation Z uses a different rule (precise definition). For these, business days are counted as any day that is not a Sunday or a federal holiday. At this stage, the responsibility to act falls on the consumer..

Regulation	Situation/Purpose	Days Included
Regulation Z	General	<i>Business day</i> means a day on which the creditor's offices are open to the public for carrying on substantially all of its business functions. For purposes of rescission, the term means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a), such as New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day. Holidays on specific dates the holiday is the actual date and not the Monday following when the banks and post offices are closed..
Regulation Z	Rescission (precise)	Every day except federal holidays. Disburse on third day.
Regulation Z	High Cost Loans (32s) (precise)	A day on which the lender's offices are open to the public for carrying on substantially all of the business functions. Also includes 10 day period for GFE list of fees
RESPA	General - Days to deliver Good Faith Estimates, and Servicing Disclosure Statement	For purposes of the 15-day notification of sale of servicing, the rule uses calendar days, not business days.
RESPA	Transfer of Servicing Notice	

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POLICY & PROCEDURES MANUAL CHECKLIST AND UPDATES

MORTGAGE LOANS

- 1. An application can be for many things and have different requirements.**

Application for a loan – requires federal disclosures

Must contain

- (1) borrower's name,**
- 2) borrower's monthly income;**
- (3) borrower's social security number to obtain a credit report;**
- (4) property address; ****
- (5) estimate of value of the property;**
- (6) loan amount and**
- (7) any other information deemed necessary by the loan originator.**

**** required in order to issue a TIL**

Application for preapproval

1 thru 3 and 6 all verified

No disclosures required

**Can not have a property selected or contracted for
ECOA applies**

Application to see if they qualify

Stated name and income and amount of loan requested

No disclosures

**Can not be for refinances – can not have a property
ECOA applies**

- 2. Lock-in rate requirements and procedures**

How long is lock term per bank's rules

What situations can cause the lock to change

Do you have a lock-in form that spells it out for the borrower

Relock rules – charge an extension fee?

- 3. FACTA**

Updated to include risk-based pricing rules that go into effect 1/1/2011

4. Safe Act

Should have been added by Oct 1 to be updated when regulators issue their rules and open registration. Approved by Board no later than Jan 1.

5. Flood Insurance

Required only if the *structure* is in the flood plain

If you are doing a 1st and a 2nd lien on a home, both loans must have the Notification but you need only one flood search

If a structure is on the land, flood insurance is required even if the appraisal gives no value to the structure

6. Loan Officer responsibility

Loan officers should be responsible for the correctness of the GFE and this should be in your manual as well as in their hiring contract. Training is essential.

Fannie Mae and Freddie Mac
Uniform Appraisal Dataset Specification

Field-Specific
Standardization Requirements

Document Version 1.2

Version Date: August 11, 2011

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This specification relates to the Uniform Mortgage Data Program, an effort undertaken jointly by Freddie Mac and Fannie Mae at the direction of their regulator, the Federal Housing Finance Agency

EXHIBITS

Exhibit 1: Requirements – Condition and Quality Ratings Usage

Appraisers must utilize the following standardized condition and quality ratings within the appraisal report.

Condition Ratings and Definitions

C1

The improvements have been very recently constructed and have not previously been occupied. The entire structure and all components are new and the dwelling features no physical depreciation.*

**Note: Newly constructed improvements that feature recycled materials and/or components can be considered new dwellings provided that the dwelling is placed on a 100% new foundation and the recycled materials and the recycled components have been rehabilitated/re-manufactured into like-new condition. Recently constructed improvements that have not been previously occupied are not considered "new" if they have any significant physical depreciation (i.e., newly constructed dwellings that have been vacant for an extended period of time without adequate maintenance or upkeep).*

C2

The improvements feature no deferred maintenance, little or no physical depreciation, and require no repairs. Virtually all building components are new or have been recently repaired, refinished, or rehabilitated. All outdated components and finishes have been updated and/or replaced with components that meet current standards. Dwellings in this category either are almost new or have been recently completely renovated and are similar in condition to new construction.

C3

The improvements are well maintained and feature limited physical depreciation due to normal wear and tear. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been well maintained.

C4

The improvements feature some minor deferred maintenance and physical deterioration due to normal wear and tear. The dwelling has been adequately maintained and requires only minimal repairs to building components/mechanical systems and cosmetic repairs. All major building components have been adequately maintained and are functionally adequate.

C5

The improvements feature obvious deferred maintenance and are in need of some significant repairs. Some building components need repairs, rehabilitation, or updating. The functional utility and overall livability is somewhat diminished due to condition, but the dwelling remains useable and functional as a residence.

C6

The improvements have substantial damage or deferred maintenance with deficiencies or defects that are severe enough to affect the safety, soundness, or structural integrity of the improvements. The improvements are in need of substantial repairs and rehabilitation, including many or most major components.

EXHIBITS

Quality Ratings and Definitions

Q1

Dwellings with this quality rating are usually unique structures that are individually designed by an architect for a specified user. Such residences typically are constructed from detailed architectural plans and specifications and feature an exceptionally high level of workmanship and exceptionally high-grade materials throughout the interior and exterior of the structure. The design features exceptionally high-quality exterior refinements and ornamentation, and exceptionally high-quality interior refinements. The workmanship, materials, and finishes throughout the dwelling are of exceptionally high quality.

Q2

Dwellings with this quality rating are often custom designed for construction on an individual property owner's site. However, dwellings in this quality grade are also found in high-quality tract developments featuring residences constructed from individual plans or from highly modified or upgraded plans. The design features detailed, high-quality exterior ornamentation, high-quality interior refinements, and detail. The workmanship, materials, and finishes throughout the dwelling are generally of high or very high quality.

Q3

Dwellings with this quality rating are residences of higher quality built from individual or readily available designer plans in above-standard residential tract developments or on an individual property owner's site. The design includes significant exterior ornamentation and interiors that are well finished. The workmanship exceeds acceptable standards and many materials and finishes throughout the dwelling have been upgraded from "stock" standards.

Q4

Dwellings with this quality rating meet or exceed the requirements of applicable building codes. Standard or modified standard building plans are utilized and the design includes adequate fenestration and some exterior ornamentation and interior refinements. Materials, workmanship, finish, and equipment are of stock or builder grade and may feature some upgrades.

Q5

Dwellings with this quality rating feature economy of construction and basic functionality as main considerations. Such dwellings feature a plain design using readily available or basic floor plans featuring minimal fenestration and basic finishes with minimal exterior ornamentation and limited interior detail. These dwellings meet minimum building codes and are constructed with inexpensive, stock materials with limited refinements and upgrades.

Q6

Dwellings with this quality rating are of basic quality and lower cost; some may not be suitable for year-round occupancy. Such dwellings are often built with simple plans or without plans, often utilizing the lowest quality building materials. Such dwellings are often built or expanded by persons who are professionally unskilled or possess only minimal construction skills. Electrical, plumbing, and other mechanical systems and equipment may be minimal or non-existent. Older dwellings may feature one or more substandard or non-conforming additions to the original structure.

EXHIBITS

Exhibit 2: Requirements – Definitions of Not Updated, Updated, and Remodeled

Not Updated

Little or no updating or modernization. This description includes, but is not limited to, new homes.

Residential properties of fifteen years of age or less often reflect an original condition with no updating, if no major components have been replaced or updated. Those over fifteen years of age are also considered not updated if the appliances, fixtures, and finishes are predominantly dated. An area that is 'Not Updated' may still be well maintained and fully functional, and this rating does not necessarily imply deferred maintenance or physical/functional deterioration.

Updated

The area of the home has been modified to meet current market expectations. These modifications are limited in terms of both scope and cost.

An updated area of the home should have an improved look and feel, or functional utility. Changes that constitute updates include refurbishment and/or replacing components to meet existing market expectations. Updates do *not* include significant alterations to the existing structure.

Remodeled

Significant finish and/or structural changes have been made that increase utility and appeal through complete replacement and/or expansion.

A remodeled area reflects fundamental changes that include multiple alterations. These alterations may include some or all of the following: replacement of a major component (cabinet(s), bathtub, or bathroom tile), relocation of plumbing/gas fixtures/appliances, significant structural alterations (relocating walls, and/or the addition of square footage). This would include a complete gutting and rebuild.

EXHIBITS

Exhibit 3: Requirements – Abbreviations Used in Data Standardization Text

Abbreviation	Full Name	Appropriate Fields
ac	Acres	Area, Site
AdjPrk	Adjacent to Park	Location
AdjPwr	Adjacent to Power Lines	Location
A	Adverse	Location & View
ArmLth	Arms Length Sale	Sale or Financing Concessions
ba	Bathroom(s)	Basement & Finished Rooms Below Grade
br	Bedroom	Basement & Finished Rooms Below Grade
B	Beneficial	Location & View
Cash	Cash	Sale or Financing Concessions
CtySky	City View Skyline View	View
CtyStr	City Street View	View
Comm	Commercial Influence	Location
c	Contracted Date	Date of Sale/Time
Conv	Conventional	Sale or Financing Concessions
CrtOrd	Court Ordered Sale	Sale or Financing Concessions
DOM	Days On Market	Data Sources
e	Expiration Date	Date of Sale/Time
Estate	Estate Sale	Sale or Financing Concessions
FHA	Federal Housing Administration	Sale or Financing Concessions
GlfCse	Golf Course	Location
Glfvw	Golf Course View	View
Ind	Industrial	Location & View
in	Interior Only Stairs	Basement & Finished Rooms Below Grade
Lndfl	Landfill	Location
LtdSght	Limited Sight	View
Listing	Listing	Sale or Financing Concessions
Mtn	Mountain View	View
N	Neutral	Location & View
NonArm	Non-Arms Length Sale	Sale or Financing Concessions
BsyRd	Busy Road	Location
o	Other	Basement & Finished Rooms Below Grade
Prk	Park View	View
Pstrl	Pastoral View	View
PwrLn	Power Lines	View
PubTrm	Public Transportation	Location
rr	Recreational (Rec) Room	Basement & Finished Rooms Below Grade
Relo	Relocation Sale	Sale or Financing Concessions
REO	REO Sale	Sale or Financing Concessions
Res	Residential	Location & View
RH	USDA –Rural Housing	Sale or Financing Concessions
s	Settlement Date	Date of Sale/Time
Short	Short Sale	Sale or Financing Concessions
sf	Square Feet	Area, Site, Basement
sqm	Square Meters	Area, Site
Unk	Unknown	Date of Sale/Time
VA	Department of Veterans Affairs	Sale or Financing Concessions
w	Withdrawn Date	Date of Sale/Time
wo	Walk Out Basement	Basement & Finished Rooms Below Grade
wu	Walk Up Basement	Basement & Finished Rooms Below Grade
WtrFr	Water Frontage	Location
Wtr	Water View	View
Woods	Woods View	View

Helpful Websites

PeirsonPatterson

Tools/matrix <http://ppdocs.com/tools/>

Library RESPA rules/Construction information/Memorandums

<http://ppdocs.com/library/>

CFPB –new disclosures

<http://www.consumerfinance.gov/knowbeforeyouowe/>

Bankers Online <http://www.bankersonline.com/index.html>

FFIEC Rate Spread Calculator

<http://www.ffiec.gov/ratespread/default.aspx>

FNMA Documents

<https://www.efanniemae.com/sf/formdocs/documents/index.jsp>

HUD RESPA

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/res/respa_hm

USDA Manual http://www.rural-development-mortgage-guidelines.com/loan_process.htm

MORTGAGE FRAUD IS INVESTIGATED BY THE FBI



Mortgage Fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.

Some of the applicable Federal criminal statutes which may be charged in connection with Mortgage Fraud include:

- 18 U.S.C. § 1001 - Statements or entries generally
- 18 U.S.C. § 1010 - HUD and Federal Housing Administration Transactions
- 18 U.S.C. § 1014 - Loan and credit applications generally
- 18 U.S.C. § 1028 - Fraud and related activity in connection with identification documents
- 18 U.S.C. § 1341 - Frauds and swindles by Mail
- 18 U.S.C. § 1342 - Fictitious name or address
- 18 U.S.C. § 1343 - Fraud by wire
- 18 U.S.C. § 1344 - Bank Fraud
- 42 U.S.C. § 408(a) - False Social Security Number

Unauthorized use of the FBI seal, name, and initials is subject to prosecution under Sections 701, 709, and 712 of Title 18 of the United States Code. This advisement may not be changed or altered without the specific written consent of the Federal Bureau of Investigation, and is not an endorsement of any product or service.

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USDA

RD AN No. 4551 (1980-D)
February 3, 2011

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Guaranteed Loan Coordinators,
Area Directors and Area Specialists

FROM: Tammye Treviño
Administrator
Housing and Community Facilities Programs

SUBJECT: Single Family Housing Guaranteed Loan Program
Implementation of Annual Fee and Decreased Upfront Fee Effective
October 1, 2011

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to plan for the implementation of authorities granted the Secretary of the United States Department of Agriculture (USDA), via Public Law (P.L.) 111-212, Section 102 (July 29, 2010), in which the Secretary may collect from the lender an annual fee not to exceed 0.5 percent of the outstanding principal balance of the loan for the life of the loan. The intent of the annual fee is to make the Single Family Housing Guaranteed Loan Program (SFHGLP) subsidy neutral, thus eliminating the need for taxpayer support of the program. For Fiscal Year (FY) 2012, an annual fee of 0.3 percent of the outstanding principal balance will be required in order that the SFHGLP may maintain subsidy neutrality. Rural Development is in the process of adopting a rule effective with loans obligated on or after October 1, 2011, under which all loan transactions will be subject to the annual fee. This anticipated policy change is being announced now to allow affected lenders time to make needed systems adjustments.

COMPARISON WITH PREVIOUS AN:

There are no previous AN issued on this subject.

EXPIRATION DATE:
February 29, 2012

FILING INSTRUCTIONS:
Preceding RD Instruction 1980-D

BACKGROUND:

P. L. 111-212, "Supplemental Appropriations Act, 2010," enacted on July 29, 2010, Section 502(h)(8) of the Housing Act of 1949 (42 U.S.C. 1472 (h) (8)), was amended to read as follows: "(8) Fees. – Notwithstanding paragraph (14) (D), with respect to a guaranteed loan issued or modified under this subsection, the Secretary may collect from the lender – "(A) at the time of issuance of the guarantee or modification, a fee not to exceed 3.5 percent of the principal obligation of the loan; and "(B) an annual fee not to exceed 0.5 percent of the outstanding principal balance of the loan for the life of the loan."

The annual fee provision of P.L. 111-212, will be applicable to purchase and refinance loan transactions.

Implementation of an annual fee of 0.30 percent of the outstanding principal balance, will allow the Agency to reduce the up-front guarantee fee. Therefore under the new rule, effective October 1, 2011, the up-front guarantee fee for purchase transactions will decrease from 3.5 percent to 2 percent for purchase loans transactions. The up-front guaranteed fee for refinance loans transactions will remain at 1 percent.

Future updates to both the up-front and annual fee will be published in Exhibit K, of RD Instruction 440.1, available in any Rural Development office or on the Rural Development website as follows: http://www.rurdev.usda.gov/rcgs/rcgs_toc.html. The annual fee and upfront guarantee fee are subject to change annually to maintain a subsidy neutral program.

IMPLEMENTATION RESPONSIBILITIES:

Beginning October 1, 2011, it is anticipated that all purchase loans transactions will be charged (1) an up-front guarantee fee equal to 2 percent of the loan amount, and (2) **an annual fee of 0.3 percent of the unpaid principal balance**. The annual fee will be calculated and collected as follows:

1. The initial fee, for the first year of the loan will be determined and calculated based on the loan amount. For remaining year of the loan, the annual fee will be charged on the scheduled amortized unpaid principal balance (UPB) of the loan, not the actual UPB.
2. The fee will be calculated annually and the lender will be notified of the annual fee for the next 12 month period and billed to the lender each year on the anniversary date of the loan. Thus, the initial annual fee will be calculated when the loan is closed and the bill to collect the annual fee from the lender will be 12 months after the closing date of the loan. The annual fee for the next year will also be calculated at that time.

*USDA
up front*

3. The initial annual fee will be calculated based on the closing date of the loan.
4. Lenders will be billed annually, initially 12 months after the closed and commencing annually for the life of the loan.
5. The payment will be due to Rural Development by the 15th calendar day after the bill is generated.
6. The bill for each year will be retroactive for the prior year period.
7. A late fee of 4 percent of the annually billed amount will be assessed on the 15th calendar day after the bill is generated.
8. If the fee for a loan is still unpaid after 30 days, an additional late fee may be assessed on the unpaid fee amount.
9. The first payment due will begin at the end of the first 12 months after closing and will be for the prior 12 month period.
10. The annual fee, billed annually, will be collected through Pay.Gov, as follows:
 - Fully web-based for lenders with 3,000 or less loans; and
 - An overnight matching batch process for lenders with greater than 3,000 loans.

Rural Development is aware that lenders may need a minimum of 6 to 9 months lead time to configure their systems to support the annual fee. Since this notice is published approximately 8 months before the implementation date, it is anticipated that the lenders should be able to accommodate the annual fee by October 1, 2011. We will work closely with lenders and service bureaus to ensure they can support the annual fee requirement in the shortest possible timeframe. Supporting documentations for servicers as well as training materials for loan originators and servicers will be developed prior to the effective date of the annual fee.

Any questions concerning this AN should be addressed to the Single Family Housing Guaranteed Loan Division at, (202) 720-1452.

Suggested New Format

4321 Random Boulevard · Somerville, MA 04321

DATE ISSUED 09/12/2011 LOAN ID# 1330172608

Your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on **09/26/2011** at 3:00 p.m. EST.

Loan Estimate

APPLICANTS James White and Jane Johnson
PROPERTY 456 Avenue A, Anytown, MA 12345

LOAN TERM 30 years
PURPOSE Refinance
PRODUCT 3/3 Adjustable Rate
LOAN TYPE Conventional FHA VA

Key Terms		Can this amount increase <i>after</i> closing?	
Loan Amount	\$121,000	NO	
Interest Rate	3.375% for 3 years	YES	<ul style="list-style-type: none"> • Adjusts every 3 years starting in year 4 • Can go as high as 9% in year 10 • See details on page 2
Monthly Loan Payment	\$621.67	YES	<ul style="list-style-type: none"> • Adjusts every 3 years starting in year 4 • Can go as high as \$903 in year 10
X Principal and Interest \$534.95 Mortgage Insurance + \$86.72 Taxes and Insurance see below			
Can this amount increase <i>before</i> closing?			
X Cash to Close Includes Settlement Costs	\$5,363 \$4,414	YES	• See details on page 2
Does the loan have these features?			
Prepayment Penalty		NO	
Balloon Payment		NO	

Projected Payments

MONTHLY LOAN PAYMENTS			
YEARS 1-3	YEARS 4-6	YEARS 7-9	YEARS 10-30
\$621.67	\$752 max \$727 min	\$884 max \$640 min	\$903 max \$640 min

PLUS TAXES AND INSURANCE

Estimated \$232 a month to start.

- Escrow. Expect to pay \$854 for a total monthly payment to start (\$232 + \$622).
 No escrow. You must pay your taxes and insurance separately from your loan payments.

Comparisons

Use these measures to compare this loan with other loans.

In 5 Years	\$44,771 Total you will have paid in principal, interest, mortgage insurance and fees. \$11,344 Principal you will have paid off.
Annual Percentage Rate (APR)	5.53% This is not your interest rate. This rate expresses your costs over the loan term.
Total Interest Percentage (TIP)	93.3% This rate is the total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Visit www.consumerfinance.gov/futureurl for general information and tools.

Calculating Your Estimated Cash to Close

Loan ID#1330172608

Origination Charges	1 Point for the Interest Rate	\$	1,210		
	Origination Fees to Lender		200		
	Origination Fees to Broker		750		
	Lender Credits		0		
<i>Once you lock the interest rate, the total for this section cannot increase at closing.</i>					\$2,160
Services You Cannot Shop For	Appraisal Fee	Credit Report Fee			+
	Lender's Attorney	Other Services Required by Lender			
	<i>The total for this section cannot be higher than \$758 at closing.</i>				
Services You Can Shop For	Title Services Fee	\$	950		
	Lender's Title Policy		290		
	Borrower's Attorney		325		
					+
<i>The total for this section cannot be higher than \$1,722 at closing. But if you choose your own provider, the quoted price does not apply for that service.</i>					\$1,565
Taxes and Insurance	Transfer Taxes	\$	0		+
	Recording Fees		175		
	Other Taxes and Government Fees		75		\$250
Prepays and Escrow	Prepaid Interest	\$ 11.34/day (15 days @ 3.375%)	\$	170	+
	Mortgage Insurance Premium			0	
	Homeowner's Insurance Premium (6 months)			210	\$380
	Mortgage Insurance	\$ 86.72/month for 1 month	\$	87	+
	Homeowner's Insurance	\$ 35.00/month for 1 month		35	
	Tax & Assessments	\$196.52/month for 1 month		197	
	HOA/Condo/Co-op	\$ 0.00/month for 0 months		0	\$319
Adjustments	Down Payment/Funds from Borrower	\$	0		
	Deposit		0		
	Cash to Borrower		0	+	
	Seller Credits		0		
	Other Credits and Adjustments		0		
	Closing Costs to be Financed		0		\$0
					=
					\$4,414
					=
					\$5,363

Adjustable Interest Rate Information	
Index + Margin	COFI + 4%
Initial Interest Rate	3.375%
Minimum/Maximum Interest Rate	5%/9%
Limits on Interest Rate Changes	
First Change	2%
Each Subsequent Change	2%
Change Frequency	
First Change	Beginning of 37th month
Each Subsequent Change	Every 36th month after first change

4321 Random Boulevard • Somecity, MA 54321

DATE ISSUED 09/12/2011 LOAN ID # 1330172608

Your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 09/26/2011 at 3:00 p.m. EST.

Loan Estimate

APPLICANTS James White and Jane Johnson
 PROPERTY 456 Avenue A, Anytown, MA 12345

LOAN TERM 30 years
 PURPOSE Refinance
 PRODUCT 7/1 Adjustable Rate
 LOAN TYPE Conventional FHA VA

Key Terms		Can this amount increase <i>after</i> closing?	
Loan Amount	\$121,000	NO	
Interest Rate	3.75% for 7 years	YES	<ul style="list-style-type: none"> • Adjusts every year starting in year 8 • Can go as high as 9% in year 10 • See details on page 2
Monthly Loan Payment Principal and Interest Mortgage Insurance Taxes and Insurance	\$647.10 \$560.38 + \$86.72 see below	YES	<ul style="list-style-type: none"> • Adjusts every year starting in year 8 • Can go as high as \$884 in year 10
Can this amount increase <i>before</i> closing?			
Cash to Close Includes Settlement Costs	\$5,451 \$3,540	YES	• See details on page 2
Does the loan have these features?			
Prepayment Penalty		NO	
Balloon Payment		NO	

Projected Payments

MONTHLY LOAN PAYMENTS			
YEARS 1-7	YEAR 8	YEAR 9	YEARS 10-30
\$647.10	\$740 max \$588 min	\$868 max \$588 min	\$884 max \$588 min

PLUS TAXES AND INSURANCE
 Estimated \$266 a month to start.

- Escrow. Expect to pay \$913 for a total monthly payment to start (\$266 + \$647).
 No escrow. You must pay your taxes and insurance separately from your loan payments.

Comparisons

Use these measures to compare this loan with other loans.

In 5 Years	\$42,366 Total you will have paid in principal, interest, mortgage insurance and fees. \$12,007 Principal you will have paid off.
Annual Percentage Rate (APR)	4.85% This is not your interest rate. This rate expresses your costs over the loan term.
Total Interest Percentage (TIP)	79.7% This rate is the total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Visit www.consumerfinance.gov/futureurl for general information and tools.

Calculating Your Estimated Cash to Close

Loan ID#1330172608

Origination Charges	0 Points for the Interest Rate	\$	0		
	Origination Fees to Lender		1,400		
	Lender Credits		0		
<i>Once you lock the interest rate, the total for this section cannot increase at closing.</i>					\$1,400
Services You Cannot Shop For	Appraisal Fee	Credit Report Fee			+
	Lender's Attorney	Other Services Required by Lender			
	<i>The total for this section cannot be higher than \$937 at closing.</i>				
Services You Can Shop For	Title Services Fee	\$	685		
	Lender's Title Policy		303		
	Borrower's Attorney		300		
					+
<i>The total for this section cannot be higher than \$1,417 at closing. But if you choose your own provider, the quoted price does not apply for that service.</i>					\$1,288
					=
					Estimated Requirements Costs \$3,540
Taxes and Insurance	Transfer Taxes	\$	0		+
	Recording Fees		175		
	Other Taxes and Government Fees		75		\$250
Prepays and Escrow	Prepaid Interest	\$ 12.60/day (15 days @ 3.75%)	\$	189	+
	Mortgage Insurance Premium			0	
	Homeowner's Insurance Premium (6 months)			415	\$604
	Mortgage Insurance	\$ 86.72/month for 3 months	\$	260	
	Homeowner's Insurance	\$ 69.00/month for 3 months		207	+
	Tax & Assessments	\$196.52/month for 3 months		590	
	HOA/Condo/Co-op	\$ 0.00/month for 0 months		0	\$1,057
Adjustments	Down Payment/Funds from Borrower	\$	0		
	Deposit		0		
	Cash to Borrower		0		+
	Seller Credits		0		
	Other Credits and Adjustments		0		
	Closing Costs to be Financed		0		\$0
					=
					Estimated Cash to Close \$5,451

Adjustable Interest Rate Information

Index + Margin	LIBOR+ 4%
Initial Interest Rate	3.75%
Minimum/Maximum Interest Rate	4.25%/9%
Limits on Interest Rate Changes	
First Change	3%
Each Subsequent Change	2%
Change Frequency	
First Change	Beginning of 85th month
Each Subsequent Change	Every 12th month after first change