



# KNOW THE KEY CFPB CHANGES



## TOPIC TWO:

## THE NEW LOAN ESTIMATE

With all of the changes coming October 3, 2015 from the Consumer Financial Protection Bureau (CFPB) regulations, it is very important that we keep our clients educated on the new process, forms and terms they will encounter. We hope this information will be beneficial to you and your clients.

The Consumer Financial Protection Bureau designed the Loan Estimate to make it easier for the consumer to understand key aspects of the proposed loan. In the spirit of keeping things consistent throughout the settlement process, the Loan Estimate and Closing Disclosure will contain much of the same information and formatting.

As of October 3, 2015, remembering the difference between the Good Faith Estimate and Truth in Lending Act statement won't matter, because these forms will all but disappear and will be replaced by the Loan Estimate.

### "APPLICANTS" VS. "BORROWER"

Prior to being committed to a loan, the consumer is referred to as the "Applicant(s)." Once a finalized loan decision has been made, you will see the consumer referred to as the "Borrower(s)," in this corresponding field on the Closing Disclosure.

### LOAN AMOUNT

The loan amount is easier to recognize on the new form and makes it easier for the borrower to understand any changes.

### INTEREST RATE

Survey results from CFPB.gov show that the interest rate is now easier for the respondent to recognize on the Loan Estimate. More emphasis will also be placed on whether the rate can change after closing.

### ESTIMATED MONTHLY PAYMENT

According to CFPB.gov, 68% of respondents correctly noted the first month's payment using the new disclosures. While under half of the respondents could do so using the existing forms.

### ESTIMATED CLOSING COSTS

This section will be an adjustment for some due to the change in language. For example, instead of "settlement charges," the new form uses "closing costs." These costs are explained in detail on page 2.

### WEBSITE URL

Part of the "Know Before You Owe" initiative, this web page is designed to help consumers understand the Loan Estimate.

### FICUS BANK

4321 Random Boulevard • Somecity, TX 12340

Save this Loan Estimate to compare with your Closing Disclosure.

### Loan Estimate

DATE ISSUED 2/15/2015

**APPLICANTS** Michael Jones and Mary Stone  
123 Anywhere Street  
Anytown, TX 12345

**PROPERTY** 456 Somewhere Avenue  
Anytown, TX 12345

**SALE PRICE** \$180,000

**LOAN TERM** 30 years

**PURPOSE** Purchase

**PRODUCT** Fixed Rate

**LOAN TYPE** ☒ Conventional ☐ FHA ☐ VA ☐ \_\_\_\_\_

**LOAN ID #** 123456789

**RATE LOCK** ☐ NO ☒ YES, until 4/16/2015 at 5:00p.m. EDT  
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2015 at 5:00p.m. EDT.

#### Loan Terms

**Loan Amount** \$162,000

**Interest Rate** 3.875%

**Monthly Principal & Interest** \$761.78

See Projected Payments below for your Estimated Total Monthly Payment

**Prepayment Penalty**

**Balloon Payment**

**Can this amount increase after closing?**

NO

NO

NO

**Does the loan have these features?**

YES • As high as \$3,240 if you pay off the loan during the first 2 years

NO

#### Projected Payments

Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ --
Estimated Escrow <small>Amount can increase over time</small>	+ 206	+ 206
<b>Estimated Total Monthly Payment</b>	<b>\$1,050</b>	<b>\$968</b>

**Estimated Taxes, Insurance & Assessments**  
Amount can increase over time

\$206  
a month

**This estimate includes**

☒ Property Taxes  
☒ Homeowner's Insurance  
☐ Other:

See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.

**In escrow?**

YES  
YES

#### Costs at Closing

**Estimated Closing Costs** \$8,054

Includes \$5,672 in Loan Costs + \$2,382 in Other Costs - \$0 in Lender Credits. See page 2 for details.

**Estimated Cash to Close** \$16,054

Includes Closing Costs. See Calculating Cash to Close on page 2 for details.

Visit [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate) for general information and tools.

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### Loan Costs

<b>A. Origination Charges</b>	<b>\$1,802</b>
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097

<b>B. Services You Cannot Shop For</b>	<b>\$672</b>
Appraisal Fee	\$405
Credit Report Fee	\$30
Flood Determination Fee	\$20
Flood Monitoring Fee	\$32
Tax Monitoring Fee	\$75
Tax Status Research Fee	\$110

<b>C. Services You Can Shop For</b>	<b>\$3,198</b>
Pest Inspection Fee	\$135
Survey Fee	\$65
Title - Insurance Binder	\$700
Title - Lender's Title Policy	\$535
Title - Settlement Agent Fee	\$502
Title - Title Search	\$1,261

<b>D. TOTAL LOAN COSTS (A + B + C)</b>	<b>\$5,672</b>
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### Other Costs

<b>E. Taxes and Other Government Fees</b>	<b>\$85</b>
Recording Fees and Other Taxes	\$85
Transfer Taxes	

<b>F. Prepaids</b>	
Homeowner's Insurance Premium (6 months)	\$605
Mortgage Insurance Premium ( - months)	
Prepaid Interest (\$17.44 per day for 15 days @ 3.875%)	\$262
Property Taxes ( - months)	

<b>G. Initial Escrow Payment at Closing</b>	<b>\$413</b>
Homeowner's Insurance \$100.83 per month for 2 mo.	\$202
Mortgage Insurance per month for - mo.	
Property Taxes \$100.83 per month for 2 mo.	\$211

<b>H. Other</b>	<b>\$1,017</b>
Title - Owner's Title Policy (optional)	\$1,017

<b>I. TOTAL OTHER COSTS (E + F + G + H)</b>	<b>\$2,382</b>
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<b>J. TOTAL CLOSING COSTS</b>	<b>\$8,054</b>
D + I	\$8,054
Lender Credits	

### Other Costs

Total Closing Costs (J)	\$8,054
Closing Costs Financed (Paid from your Loan Amount)	\$0
Down Payment/Funds from Borrower	
Deposit	-\$10,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
<b>Estimated Cash to Close</b>	<b>\$16,054</b>

### LOAN COSTS/OTHER COSTS

These sections correspond with page 2 of the Closing Disclosure. They are designed to give a breakdown of the cost of services provided to complete the loan.

### CALCULATING CASH TO CLOSE

Due to the CFPB's focus on consistency, this breakdown of fees is also found on the top of page 3 of the Closing Disclosure. Of course, the fees on the Loan Estimate are just that - an estimate. Final changes will be reflected in the Closing Disclosure.

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### COMPARISONS

These comparisons are similar with the loan calculations on page 5 of the Closing Disclosure. The intent is for the consumer to use this section when comparing loans and lenders.

### OTHER CONSIDERATIONS

In keeping with consistency between the forms, categories in this section, such as "Assumption," "Late Payment" and "Servicing" can also be found on pages 4 and 5 of the Closing Disclosure.

## Additional Information About This Loan

### Comparisons

Use these measures to compare this loan with other loans.

<b>In 5 years</b>	<b>\$56,582</b>	Total you will have paid in principal, interest, mortgage insurance, and loan costs.
	<b>\$15,773</b>	Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	<b>4.274%</b>	Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	<b>69.45%</b>	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

### Other Considerations

<b>Appraisal</b>	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
<b>Assumption</b>	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input checked="" type="checkbox"/> will not allow assumption of this loan on the original terms.
<b>Homeowner's Insurance</b>	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
<b>Late Payment</b>	If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
<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>Servicing</b>	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input checked="" type="checkbox"/> to transfer servicing of your loan.

### Other Considerations

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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