

TILA-RESPA Integrated Disclosure Rule

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NMLSR ID 237642 _____

Woodland MLS

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Together we'll go far

Agenda

Discussion topics

- What is the TILA-RESPA Integrated Disclosure Rule?
- New requirements for providing and receiving documents
- Loan Estimate
- Closing Disclosure
- Mortgage timelines and impacts
- What you can do



What is the TILA-RESPA Integrated Disclosure Rule?

New disclosures

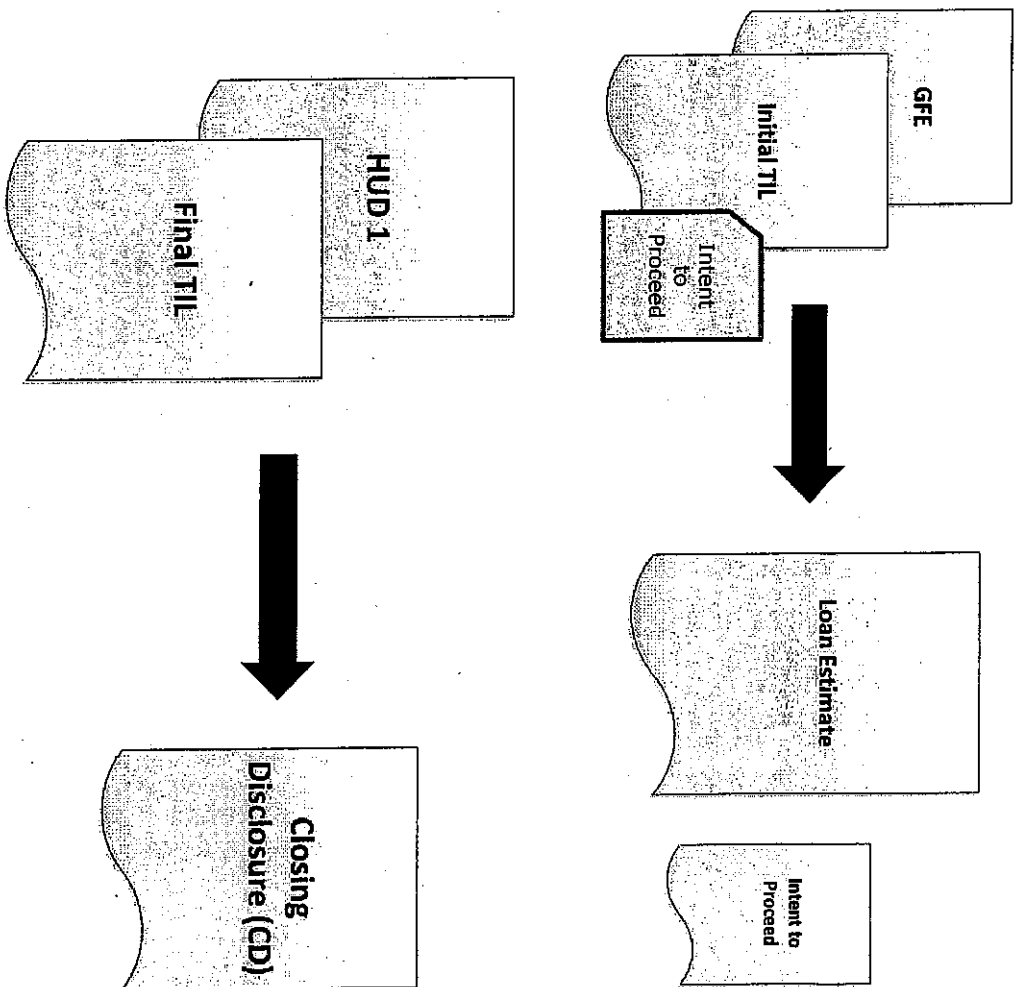
- Applies to all lenders
- Closed-end mortgages only
(does not apply to HELOCs)
- Purchase and refinance
- Effective with new loan applications taken on or after Aug. 1, 2015



Two new disclosures created

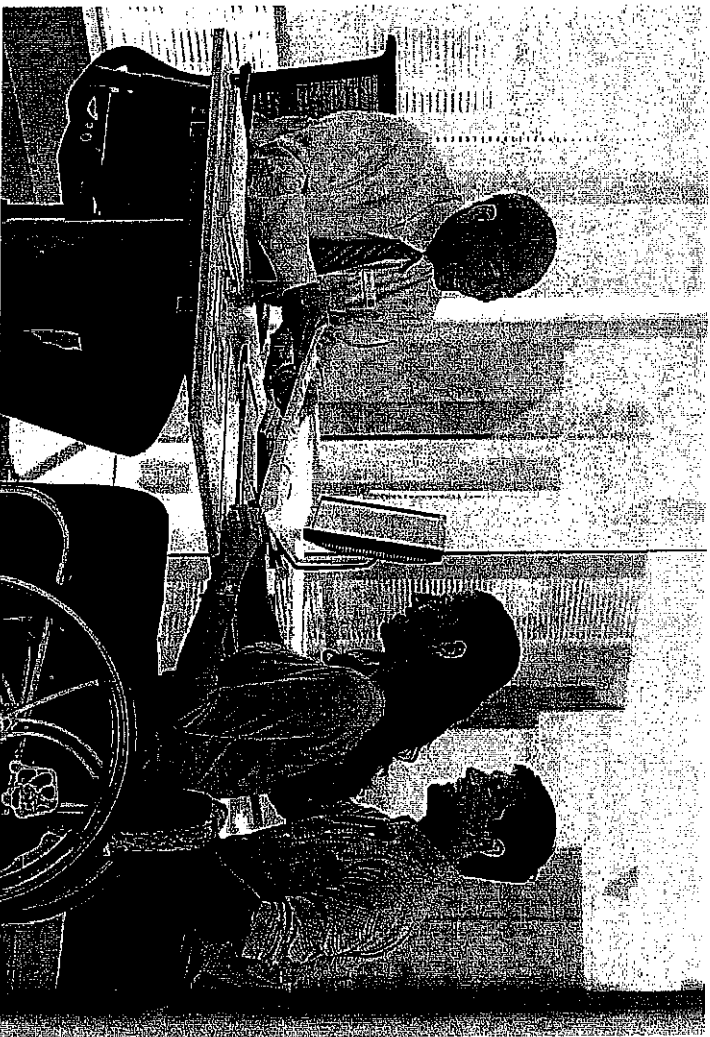
The CFPB integrated certain mortgage loan disclosures currently required under TILA and RESPA.

- Loan Estimate (LE) replaces initial TIL and GFE
- Closing Disclosure (CD) replaces final TIL and HUD-1



Why the changes?

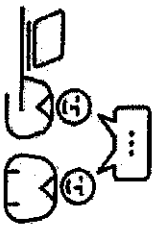
- Disclosures more clear and concise
- Consistency among all lenders
- Borrowers receive information promptly
- Loan features, rate and fees
- Estimated cash to close



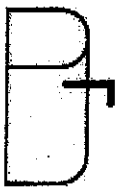
When are the Loan Estimate and Closing Disclosure documents presumed *provided* and *received*?¹

LE and CD provided to borrowers

LE and CD received by borrower



Delivered face to face



Placed in postal mail



Sent electronically

- Physically in their possession
- Presume received 3 business days after document is placed in the mail
- Lender obtains evidence that the disclosures were received in less than 3 business days

1. These terms apply to all documents included in this rule.

Overview of the Loan Estimate

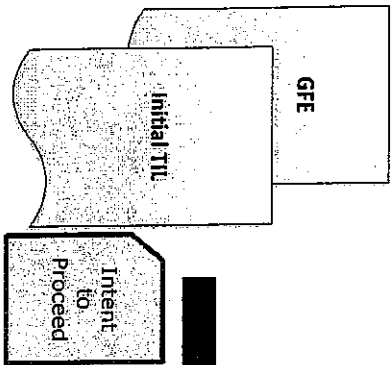
Today

Within 3 business days of application, the Initial TIL and GFE must be **provided** to the applicant

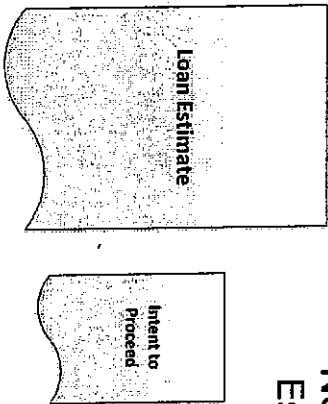
On or after August 1, 2015?

- The LE must be **provided** to the applicant within three business days of receiving the consumer's application.
- Fee changes may require a revised LE
- After the applicant **receives** their initial LE, the lender must document the applicant's **Intent to Proceed** (ITP)
 - To confirm the applicant wants to continue with the loan application
 - Before collecting fees (such as an appraisal fee)
 - Credit report fees may be collected in advance of receiving the applicant's ITP

Current disclosures



New Loan Estimate



INTELS BANK

Loan Estimate

Loan to: JOHN J. SMITH

Address: 12345 Main St, Anytown, CA 90210

Phone: (555) 555-1234

Zip: 90210

Loan Amount: \$150,000

Interest Rate: 5.25%

Term: 30 Years

Monthly Payment: \$762.39

Estimated Closing Costs: \$3,000

Annual Percentage Rate (APR): 5.75%

Estimated Total Interest: \$120,000

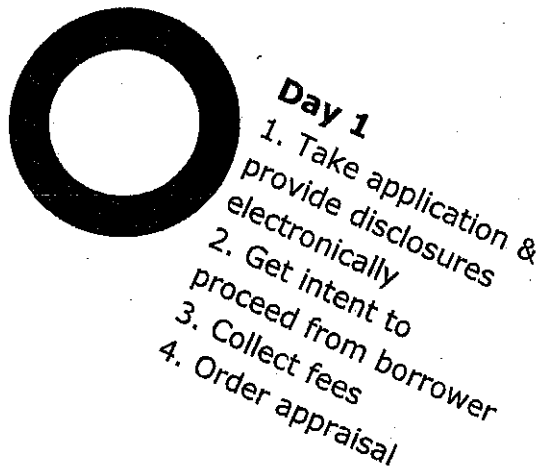
Estimated Total Cost of Credit: \$270,000

Estimated Total Payment: \$270,000

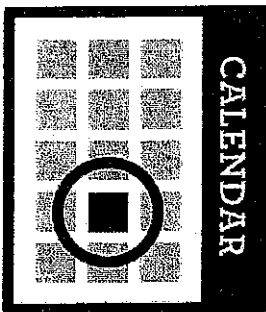
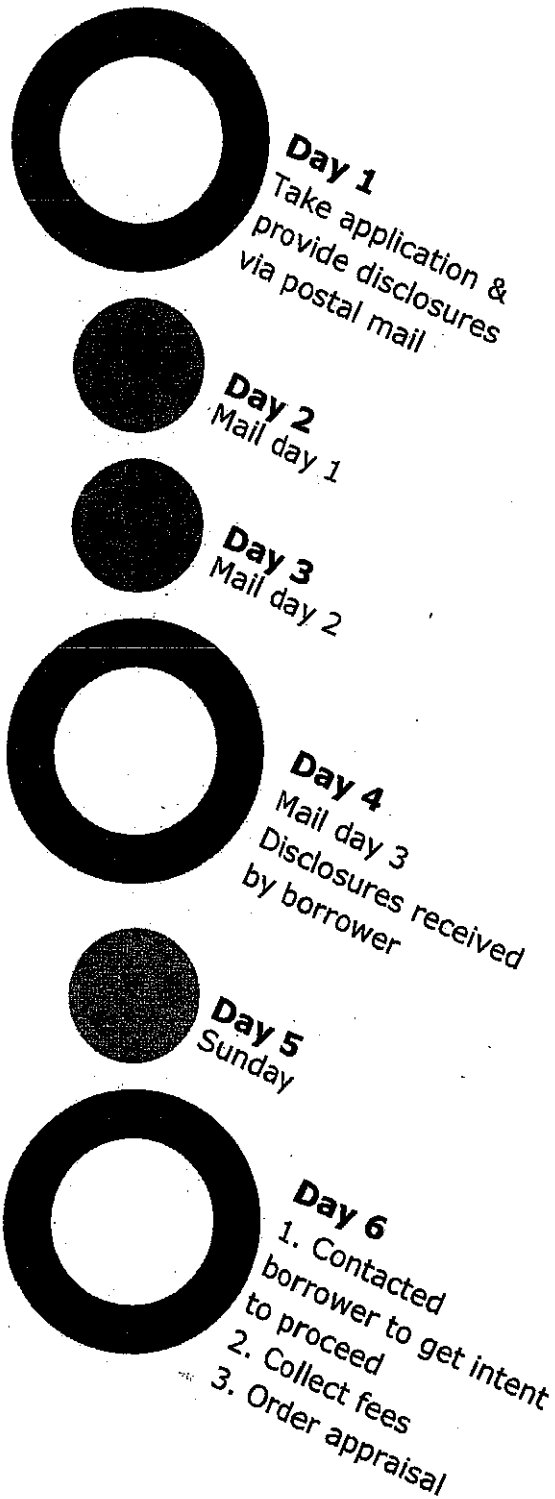
2. Applications taken prior to August 1, 2015, will continue to use the TIL, GFE and HUD-1 during the loan fulfillment process.

Illustrating the time-saving comparison Consumer choice

Electronic delivery

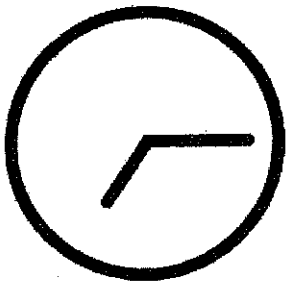


Postal mail delivery



Days

VS



Hours

New Loan Estimate

Projected Payments and Costs at Closing

FICUS BANK
4321 Brinton Boulevard • Somers, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED: 2/15/2013
 APPLICANTS: Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
 PROPERTY: 456 Somewhere Avenue
 Anytown, ST 12345
 SALE PRICE: \$180,000

LOAN TERM: 30 years
 PURPOSE: Purchase
 PRODUCT: Fixed Rate
 LOAN TYPE: Conventional DVA
 LOANID #: 123456789
 PARTIAL: NO YES, until 4/16/2013 at 5:00 p.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 3/14/2013 at 5:00 p.m. EDT.

Loan Terms
 Can this amount increase after closing?
 Loan Amount: \$162,000 NO
 Interest Rate: 3.875% NO
 Monthly Principal & Interest: \$761.78 NO
 See Projected Payments below for your Estimated Total Monthly Payment

Prepayment Penalty: YES • As high as \$3,240 if you pay off the loan during the first 2 years
 Balloon Payment: NO

1. Projected Payments

Payment Category	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow Amount can increase over time	+ 206	+ 206
Estimated Total Monthly Payment	\$1,050	\$968

This estimate includes:
 Property Taxes YES
 Homeowner's Insurance YES
 Other: _____

See Section 6 on page 2 for escrowed property costs. You must pay for other

2. 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 3 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 for general information and tools.
 LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

1. Projected Payments

Estimated total monthly payment =
 Estimated payments (P & I)
 + Mortgage insurance (if applicable)
 + Estimated escrow amount

Estimated taxes, insurance
 and assessments

2. Costs at Closing

Estimates money needed at closing
 More detail on page 2

New Loan Estimate Comparisons

Additional Information About This Loan

LENDER
NMLS / LICENSE ID Ficus Bank
LOAN OFFICER Joe Smith
NMLS / LICENSE ID 12345
EMAIL joesmith@ficusbank.com
PHONE 123-456-7890

MORTGAGE BROKER
NMLS / LICENSE ID
LOAN OFFICER
NMLS / LICENSE ID
EMAIL
PHONE

3

Comparisons

Use these measures to compare this loan with other loans.

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

3. New calculation on LE, page 3:
 Total amount of interest the borrower will pay over the loan term as a percentage of the loan amount.

Other Considerations

Appraisal

We may order an appraisal to determine the price of the property. You will normally give your copy of the appraisal. You can pay for an additional appraisal for your own use.

Assumption

If you sell or transfer this property to another person, we will allow, under certain conditions, this person to assume the loan. This loan requires homeowner's insurance on the property.

Homeowner's Insurance

This loan requires homeowner's insurance on the property. If your payment is more than 15 days late, we will charge a late fee.

Late Payment

Refinancing this loan will depend on your future market conditions. You may not be able to refinance this loan.

Refinance

We intend to service your loan. If so, you will make your payments to us.

Servicing

to transfer servicing of your loan.

Comparisons

Use these measures to compare this loan with other loans.

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

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 _____
 LOAN ESTIMATE

Date _____

Co-Applicant Signature _____

Date _____

PAGE 3 OF 3 - LOAN ID #123456789

Overview of the Closing Disclosure

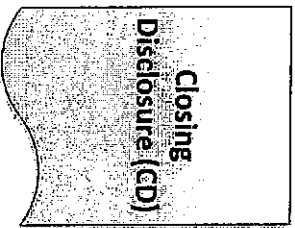
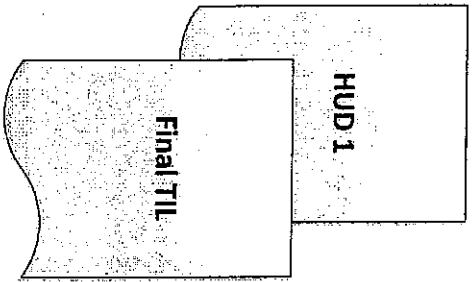
Today

At closing, borrowers receive the Final TIL and HUD-1

On or after August 1, 2015?

- The CD must be received by each consumer no later than three business days before closing.
- If any information on the initial CD is changed, a revised CD must be provided to each consumer at the closing table. In certain circumstances the three-business day timer must be restarted.

Current disclosures



New Closing Disclosure

Closing Disclosures		Annual Percentage Rate (APR) and Annual Percentage Yield (APY)	
APR	APY	APR	APY
3.000%	3.015%	3.000%	3.015%
3.000%	3.015%	3.000%	3.015%
3.000%	3.015%	3.000%	3.015%

2. Applications taken prior to August 1, 2015, will continue to use the TIL, GFE and HUD-1 during the loan fulfillment process.

New Closing Disclosure

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: 4/13/2013	Borrower: Michael Jones and Mary Stone	Loan Term: 30 years
Closing Date: 4/13/2013	123 Anywhere Street	Purpose: Purchase
Disbursement Date: 4/13/2013	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 #: 123456	321 Somewhere Drive	Loan ID #: 123456789
Property: 123 Somewhere Ave	Anytown, ST 12345	IVA: <input type="checkbox"/> <input type="checkbox"/>
Sale Price: \$180,000	Lender: Fico Bank	MIC #: 000593321

Loan Terms	Rate	Term
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest	\$761.78	NO

See projected payments below for your Estimated Total Monthly Payment.

Prepayment Penalty: **NO**

Ballston Payment: **NO**

1 Projected Payments

Component	Year 1	Year 2
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	0.235	0.235
Estimated Escrow Amount can increase over time	206.13	206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91

The estimate includes:

- Property Taxes
- Homeowner's Insurance
- Homeowner's Association Dues
- Other Homeowner's Association Dues

Amount can increase over time. See page 4 for details.

2 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.

3 Loan Calculations

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

Question? 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/home-mortgage-closing

Contact Information	Mortgage Broker	Real Estate Broker	Real Estate Broker	Settlement Agent
Name: Fico Bank	Name: Jon Smith	Name: Omega Real Estate Broker Inc.	Name: Alpha Real Estate Broker Co.	Name: Epsilon Title Co.
Address: 4321 Random Blvd, Someddy, ST 12340	Contact: 12345	Address: 789 Local Lane, Somewhere, ST 12345	Address: 987 Suburb Ct, Someddy, ST 12340	Address: 123 Commerce Pl, Someddy, ST 12344
NMLS ID: ST123456789	Contact NMLS ID: 12345	Contact NMLS ID: 987654321	Contact NMLS ID: 543210987	Contact NMLS ID: 321098765
Phone: 123-456-7890	Phone: 987-654-3210	Phone: 543-210-9876	Phone: 321-098-7654	Phone: 109-876-5432

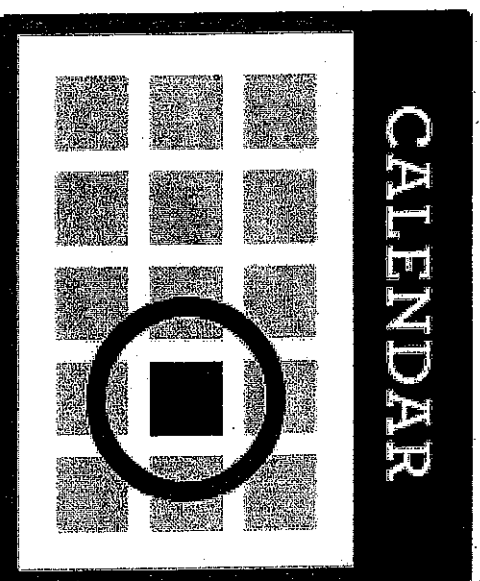
Confirm Receipt: By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature: _____ Date: _____

Co-Applicant Signature: _____ Date: _____

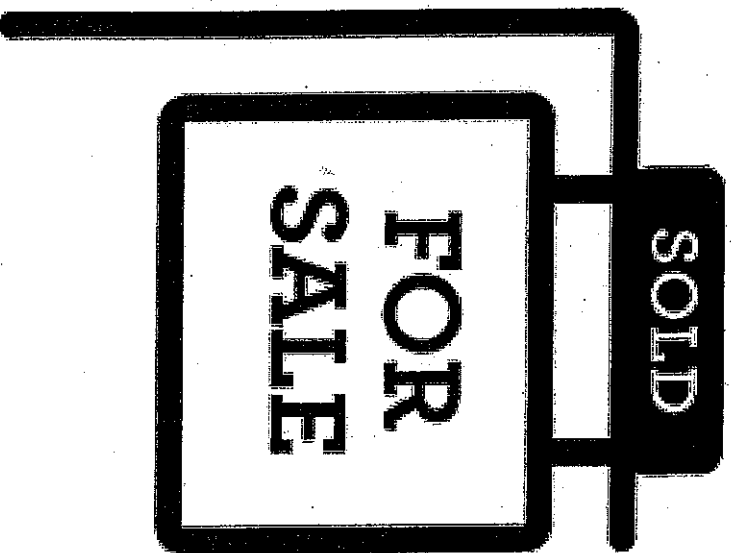
Impacts to the mortgage timeline

- Documents provided: electronic v. mail v. face-to-face
- Documented *Intent to Proceed*
- Changed circumstances – revise and re-disclose LE
 - Interest rate locked after initial disclosures provided
 - Settlement charges
 - Borrower request
- Changed circumstances – revise and re-disclose CD; restarts the 3-business day review clock
 - APR increases more than .125%
 - Change in loan product



What can you do?

Set process expectations with your buyers



- Encourage your buyers get preapproved
- Collaborate with all parties to set closing date
- Discuss with your buyer
 - The option of electronic disclosures
 - Locking interest rate early
 - Take time upfront to carefully consider their mortgage options
- Minimize amendments to purchase agreement after application
- Remind buyers to always refer to the most recent LE or CD
- Identify settlement agent/attorney early in the process and confirm Wells Fargo-approved

Questions?

Thank you for your time.

David Parker

Pacific division Change Team

NMLSR ID _____

Woodland

June 11th

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