

Introduction



OCTOBER 2015						
Sunday	Monday	Tuesday	Wednesday	Thursday 1	Friday 2	Saturday 3
				1	2	New For New Rul
4	5	6	7	8	9	10
11	12 Columbus Day	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31 Halloween

The new rules and forms take effect October 3rd, 2015 for all loan applications submitted on or after that date.

Phased-in approach: Continue to close out loans in the lender's pipeline using the 2010 HUD, before you start using the Closing Disclosure on new loans.

Affected Transactions

The new rules and forms apply to all closed-end consumer credit transactions secured by real property (other than reverse mortgages) including:



Purchase money

Refinance

25 acre



Vacant land

Construction-only

Timeshare

Exempted Transactions



Reverse Mortgages



Creditors who originate less than 5 loans in a calendar year



Home Equity Lines of Credit



Mobile Home-only loans

The portions of TILA and RESPA governing HELOCs and reverse mortgages are *not* being replaced or deleted.

For these loans:

Creditors must issue a TILA disclosure and Good Faith Estimate. Settlement agents must use a 2010 HUD-1 settlement statement to close.

Experience Counts!

Don't wait to work up your first Closing Disclosure on a live file! Work up test files...

Closing D	isclosure		A Company of the Comp	ument with your Loa	erms and closing costs. n Estimate.
Closing Information	[iii	Transaction	Information	Loan Informatio	n
Date Issued	3/18/2015	Borrower	Betty Buyer	Loan Term	30 years
Closing Date	3/25/2015		109 Paradise Dr.	Purpose	Purchase
Disbusement Date	3/25/2015		Big, USA 12345	Product	Fixed Rate
Settlement Agent	FNTG	Seller	Steve Cole and Amy Cole		
File #	08-1284-EO		12 E. Money Bags Way	Loan Type 🗖 C	Conventional × FHA
Property	1234 Anywhere Ave.		Anytown, USA 11111		/A 🗖
	Big, USA 12345			Loan ID#	123456
Sales Price	400,000	Lender	Ficus Lending	MIC#	01-0203040507

...from beginning to end!



Read release notes and know system changes!

Closing Disclosure

- We go back to itemization—there is no roll-up of charges made by the lender, settlement agent or title insurer.
- The new rules require a disclosure of Yield Spread Premium paid to the broker as a charge in the Paid by Others column.
- Any costs the seller agreed to pay on behalf of the borrower—such as FHA or VA non-allowable charges—can now be paid directly by the seller.
- No charge to the borrower is required with off-setting debits and credits.
- The sub-totals in each section roll up to include charges paid prior to closing.
- All charges made by the settlement agent and title insurer must be preceded by the word "Title.".
- The word "optional" appears only if the buyer is paying the premium. If the seller is paying the premium either by custom or by contract, it is not optional.

Title Premiums

On the purchase of a \$400,000 residence with a \$394,685 loan closed simultaneously, the redistributed disclosure "costs" would be:

Owner's Policy Premium: \$1,341.00
Lender's Policy Premium (Simultaneous Issue Rate): \$600.00
Lender's Policy Premium (Full-Premium Rate): \$1,200.00

	Seller's Cost per Contract	Buyer's Cost per Contract	Seller's "Cost" per Disclosure	Buyer's "Cost" per Disclosure	"Cost" Difference – Seller	"Cost" Difference – Buyer
Owner's Policy	\$1,341	\$0	\$741 (\$1,341 +\$600 - \$1,200)	\$0	\$600 less (\$1,341-\$741)	\$0
Lender's Policy	\$0	\$600	\$0	\$1,200	\$0	\$600 more (\$1,200- \$600)

Title Premiums

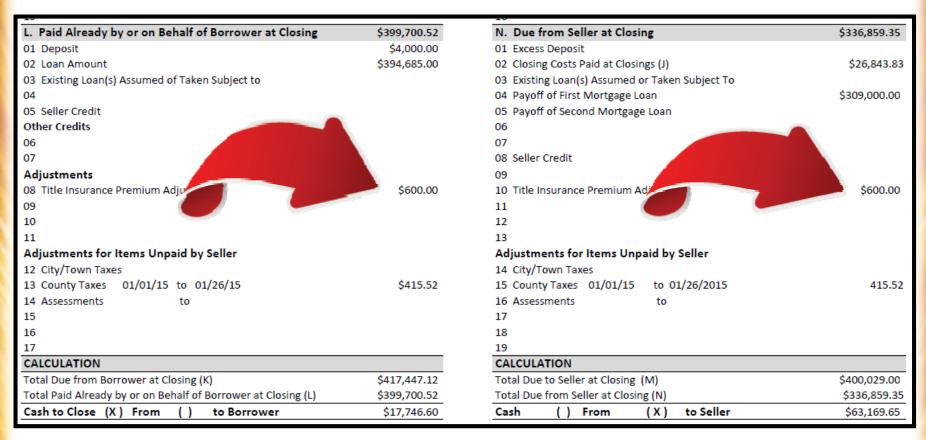
There should be an adjustment of the premium dollars on the disclosure so that each principal ends up paying exactly wheat they agreed to.

The buyer would have normally paid:	
Simultaneous Issue Rate for the loan policy	\$600
Amount shown on the Closing Disclosure	\$1,200
Difference	(\$600)



The seller would have normally paid:	
Owner's Policy (filed rate)	\$1,341
Amount shown on the Closing Disclosure	\$741 \$1,341 + \$600 - \$1,200
Difference	\$600

Title Premiums



The adjustment is reflected on page 3 on lines L 08 and N 10.

Title Premium Rules - Recap

In all cases, the full premium amount for the lender's title policy must be reflected on the Loan Estimate and the Closing Disclosure.

In all cases, any discount which is offered on the Lender's Title Policy when it is issued simultaneously with the Owner's Title Policy is deducted from the charge for the Owner's Title Policy and shown on the Closing Disclosure – regardless of who is paying for the owner's title policy.

If the seller has, by contract agreed to pay for the Owner's Title Policy, then a debit from the seller and a credit to the buyer will need to appear on page 3 of the Closing Disclosure to offset the discount applied to the Owner's Title Policy which actually represents the discount for the simultaneous issue of a Lender's Title Policy.

Consummation



The day the borrower becomes legally obligated under the loan, which would be the date of signing, even if the loan has a rescission period under Regulation Z.

It is anticipated lenders will send out the Closing Disclosure prior to delivering loan documents to the settlement agent for signing.



Consider This!

Closing Disclosure Timing Example



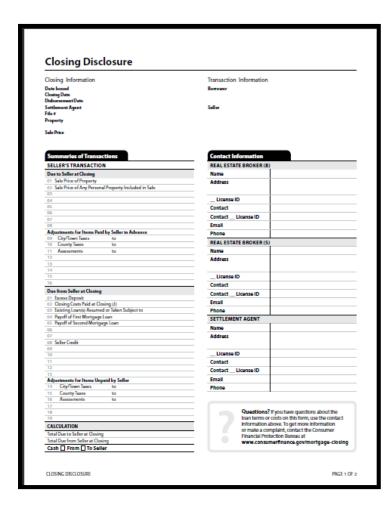


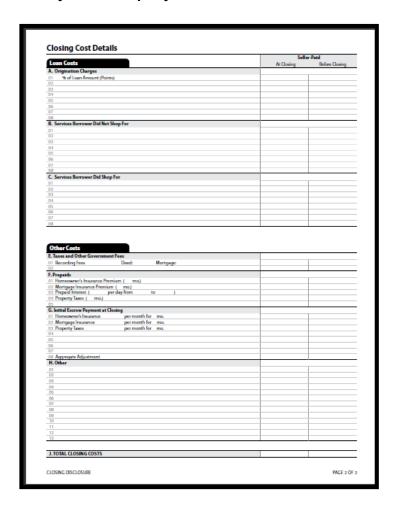
If the delivery of the closing Disclosure is by any other means other than "hand delivery" a three-day Delivery Period must be added to the Waiting Period.

Seller Disclosure

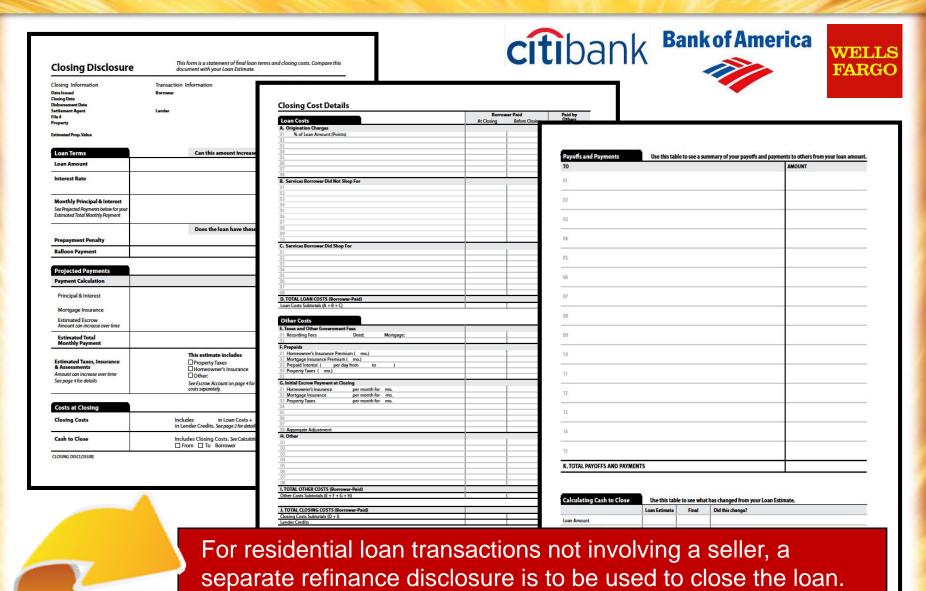
A separate seller disclosure will be available in your system.

The seller should not be able to view the buyer's repayment terms.

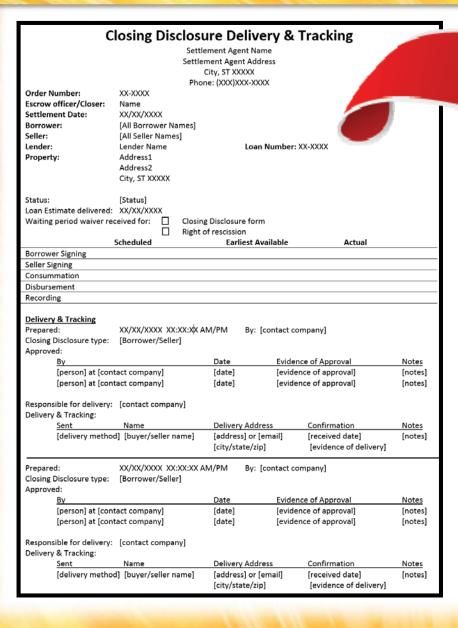




Refinance (Non-seller) Disclosure



Audit Form



We now must **prove** compliance!

For residential loan transactions in which the lender requires the settlement agent complete and deliver the Closing Disclosure, the settlement agent must provide the lender with a tracking report for their files (in case the loan is part of a regulatory audit conducted by the CFPB).

Audit Form



The new rules replace the Truth-in-Lending Act and sections 4 and 5 of RESPA.

Unlike TILA and RESPA, the new rules contain enforcement provisions and fines for violating any act or omission of the federal consumer financial law.

Tier	Penalty/Fine
First Tier	Up to \$5,000/day for each day the violation or failure to pay continues
Second Tier	Up to \$25,000/day for each day that a person continues to recklessly engage in a violation of a federal consumer financial law
Third Tier	Up to \$1,000,000/day for each day that any person knowingly violates a federal consumer financial law

FHA Certification

FHA Single Family Housing Albook (HUD Handbook 4000.1) Frequency Sked Questions Preview

References

To the best of my knowledge, the Closing Disclosure which I have prepared (Emphasis added) is a true and accurate account of the funds which were (i) received, or (ii) paid outside closing, and the funds received have been or will be disbursed by the undersigned as part of the settlement of this transaction. I further certify that I have obtained the above certifications which were executed by the borrower(s) and seller(s) as indicated.

37		name of the Addencto the HUD-1 Settlement Statement to the Settlement Certification?	ID) form. The FHA dless of any future	
373.	6/30/15	What are the differences between the Settlement Certification and the Addendum to the HUD-1 Settlement Statement?	The only difference in the two forms is the new title "Settlement Certification". The model language remains unchanged.	
374.	6/30/15	The Model Settlement Certification requires the Settlement Agent certifying that he or she has prepared the Closing Disclosure but the CFPB's	FHA does not wish for anyone to make a false certification. Because this is a model document, FHA will accept the tailoring of this phrase to the actual circumstances. Thus, if the Settlement agent does not prepare the closing disclosure, he or she should remove or strike through the statement "which I have prepared" before executing the Settlement Certification.	

Disclaimer: These Frequently Asked Questions (FAQs) are relating to sections of the new, consolidated Single Family Housing Handbook 4000.1 that will become effective on September 14, 2015. These FAQs are not applicable to the FHA policies currently in effect. These FAQs are for informational purposes only and do not establish or modify the policy contained in FHA's Handbooks and Mortgagee Letters in any way.



Indemnifications & Warranties

Settlement Agent acknowledges this transaction is subject to the Truth-In-Lending Act and Regulation Z, 12 CFR §§ 1026.19(e), 1026.38, and that Creditor is responsible for the borrower's Closing Disclosure and Settlement Agent is responsible for the Seller's Closing Disclosure. By communicating Settlement Agent's fees for services to Creditor and undertaking to close the transaction more particularly described within these instructions, Settlement Agent affirms that it has read, understands and agrees to strictly comply with and satisfy all conditions of these Creditor's Instructions to Settlement Agent, including all exhibits, addenda and attachments (together the "Closing Instructions"). Settlement Agent understands that Creditor sells loans in the secondary market and Settlement Agent agrees that all of Creditor's rights and privileges under these Closing Instructions inure to the benefit of Creditor's successors and assigns. Settlement Agent agrees to be bound by these Closing Instructions in all manner of its performance conducted prior to, during, and subsequent to consummation of the specific transaction(s) covered by these Closing Instructions. Creditor, or Creditor's successors or assigns, will hold Settlement Agent liable for any losses resulting from Settlement Agent's failure to follow these Closing Instructions.

Settlement Agent shall immediately indemnify the Creditor, its officers, directors, employees, successors, or assigns (together the "Indemnified Parties") and hold the Indemnified Parties harmless from and against all claims, demands, liabilities, losses, costs and damages (including court costs and attorneys' fees) that Indemnified Parties may incur or suffer as a result of damages arising under or related to these Closing Instructions and caused by the actions or inactions of the Settlement Agent or its employees that constitute a breach of these Closing Instructions or negligent or willful misconduct.'

Failure of the Settlement Agent to abide by the Closing Instructions will cause New American Funding to put the company on its watch list or remove the company from an approved vendor status.

Certifications

CD Certification Attestation

