

# Orange County Escrow Association



# Introduction




Consumer Financial  
Protection Bureau

OCTOBER 2015						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3 New For New Ru
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 3<sup>rd</sup>, 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



Home Equity  
Lines of Credit



Mobile Home-only  
loans



Creditors who  
originate less than  
5 loans in a  
calendar year



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 Disclosure

*This form is a statement of final loan terms and closing costs.  
Compare this document with your Loan Estimate.*

### Closing Information

Date Issued 3/18/2015  
Closing Date 3/25/2015  
Disbursement Date 3/25/2015  
Settlement Agent FNTG  
File # 08-1284-EO  
Property 1234 Anywhere Ave.  
Big, USA 12345  
Sales Price 400,000

### Transaction Information

Borrower Betty Buyer  
109 Paradise Dr.  
Big, USA 12345  
Seller Steve Cole and Amy Cole  
12 E. Money Bags Way  
Anytown, USA 11111  
Lender Ficus Lending

### Loan Information

Loan Term 30 years  
Purpose Purchase  
Product Fixed Rate  
Loan Type ☐ Conventional ☒ FHA  
☐ VA  
Loan ID# 123456  
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 what they agreed to.



OWNER'S  
TITLE  
POLICY



LOAN  
TITLE  
POLICY

## 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

<b>L. Paid Already by or on Behalf of Borrower at Closing</b>		<b>\$399,700.52</b>
01 Deposit		\$4,000.00
02 Loan Amount		\$394,685.00
03 Existing Loan(s) Assumed of Taken Subject to		
04		
05 Seller Credit		
<b>Other Credits</b>		
06		
07		
<b>Adjustments</b>		
08 Title Insurance Premium Adj		\$600.00
09		
10		
11		
<b>Adjustments for Items Unpaid by Seller</b>		
12 City/Town Taxes		
13 County Taxes	01/01/15 to 01/26/15	\$415.52
14 Assessments	to	
15		
16		
17		
<b>CALCULATION</b>		
Total Due from Borrower at Closing (K)		\$417,447.12
Total Paid Already by or on Behalf of Borrower at Closing (L)		\$399,700.52
<b>Cash to Close (X) From ( ) to Borrower</b>		<b>\$17,746.60</b>



<b>N. Due from Seller at Closing</b>		<b>\$336,859.35</b>
01 Excess Deposit		
02 Closing Costs Paid at Closings (J)		\$26,843.83
03 Existing Loan(s) Assumed or Taken Subject To		
04 Payoff of First Mortgage Loan		\$309,000.00
05 Payoff of Second Mortgage Loan		
06		
07		
08 Seller Credit		
09		
10 Title Insurance Premium Adj		\$600.00
11		
12		
13		
<b>Adjustments for Items Unpaid by Seller</b>		
14 City/Town Taxes		
15 County Taxes	01/01/15 to 01/26/2015	415.52
16 Assessments	to	
17		
18		
19		
<b>CALCULATION</b>		
Total Due to Seller at Closing (M)		\$400,029.00
Total Due from Seller at Closing (N)		\$336,859.35
<b>Cash ( ) From (X) to Seller</b>		<b>\$63,169.65</b>



- 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.

Closing Disclosure	
<b>Closing Information</b>	<b>Transaction Information</b>
<b>Date Issued</b>	<b>Borrower</b>
<b>Closing Date</b>	
<b>Disbursement Date</b>	
<b>Settlement Agent</b>	<b>Seller</b>
<b>File #</b>	
<b>Property</b>	
<b>Sale Price</b>	
<b>Summary of Transactions</b>	
<b>SELLER'S TRANSACTION</b>	
<b>Due to Seller at Closing</b>	
01 Sale Price of Property	
02 Sale Price of Any Personal Property Included in Sale	
03	
04	
05	
06	
07	
08	
<b>Adjustments for Items Paid by Seller in Advance</b>	
09 City/Town Taxes to	
10 County Taxes to	
11 Assessments to	
12	
13	
14	
15	
16	
<b>Due from Seller at Closing</b>	
01 Excess Deposit	
02 Closing Costs Paid at Closing (J)	
03 Existing Loans/ Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan	
05 Payoff of Second Mortgage Loan	
06	
07	
08 Seller Credit	
09	
10	
11	
12	
13	
<b>Adjustments for Items Unpaid by Seller</b>	
14 City/Town Taxes to	
15 County Taxes to	
16 Assessments to	
17	
18	
19	
<b>CALCULATION</b>	
Total Due to Seller at Closing	
Total Due from Seller at Closing	
Cash <input type="checkbox"/> From <input type="checkbox"/> To Seller	
<b>CONTACT INFORMATION</b>	
<b>REAL ESTATE BROKER (B)</b>	
Name	
Address	
License ID	
Contact	
Contact License ID	
Email	
Phone	
<b>REAL ESTATE BROKER (S)</b>	
Name	
Address	
License ID	
Contact	
Contact License ID	
Email	
Phone	
<b>SETTLEMENT AGENT</b>	
Name	
Address	
License ID	
Contact	
Contact License ID	
Email	
Phone	
<b>QUESTIONS?</b> If you have questions about the loan terms or costs on this form, use the contact information above. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at <a href="http://www.consumerfinance.gov/mortgage-closing">www.consumerfinance.gov/mortgage-closing</a>	

CLOSING DISCLOSURE PAGE 1 OF 2

Closing Cost Details	
<b>Loan Costs</b>	<b>Seller Paid</b>
<b>A. Origination Charges</b>	<b>At Closing</b> <b>Before Closing</b>
01 % of Loan Amount (Points)	
02	
03	
04	
05	
06	
07	
08	
<b>B. Services Borrower Did Not Shop For</b>	
01	
02	
03	
04	
05	
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07	
08	
<b>C. Services Borrower Did Shop For</b>	
01	
02	
03	
04	
05	
06	
07	
08	
<b>Other Costs</b>	
<b>E. Taxes and Other Government Fees</b>	
01 Recording Fees	Deeds Mortgage
02	
<b>F. Prepaid</b>	
01 Homeowner's Insurance Premium ( mo.)	
02 Mortgage Insurance Premium ( mo.)	
03 Prepaid Interest ( per day from to )	
04 Property Taxes ( mo.)	
05	
<b>G. Initial Escrow Payment at Closing</b>	
01 Homeowner's Insurance per month for mo.	
02 Mortgage Insurance per month for mo.	
03 Property Taxes per month for mo.	
04	
05	
06	
07	
08 Aggregate Adjustment	
<b>H. Other</b>	
01	
02	
03	
04	
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12	
13	
<b>J. TOTAL CLOSING COSTS</b>	

CLOSING DISCLOSURE PAGE 2 OF 2

# Refinance (Non-seller) Disclosure

citibank

Bank of America

WELLS  
FARGO

## Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

### Closing Information

Date Issued  
Closing Date  
Disbursement Date  
Settlement Agent  
File #  
Property

### Transaction Information

Borrower

Lender

Estimated Prop. Value

### Loan Terms

Loan Amount

Interest Rate

### Monthly Principal & Interest

See Projected Payments below for your  
Estimated Total Monthly Payment

### Prepayment Penalty

Ballloon Payment

### Projected Payments

#### Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow

Amount can increase over time

Estimated Total

Monthly Payment

### Estimated Taxes, Insurance & Assessments

Amount can increase over time

See page 4 for details

This estimate includes  
☐ Property Taxes  
☐ Homeowner's Insurance  
☐ Other:

See Escrow Account on page 4 for  
costs separately.

### Costs at Closing

Closing Costs

Cash to Close

CLOSING DISCLOSURE

## Closing Cost Details

### Loan Costs

#### A. Origination Charges

01 % of Loan Amount (Points)

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### Other Costs

#### E. Taxes and Other Government Fees

01 Recording Fees Deed: Mortgage:

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#### F. Prepaids

01 Homeowner's Insurance Premium ( mo.)

02 Mortgage Insurance Premium ( mo.)

03 Prepaid Interest ( per day from to )

04 Property Taxes ( mo.)

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#### G. Initial Escrow Payment at Closing

01 Homeowner's Insurance per month for mo.

02 Mortgage Insurance per month for mo.

03 Property Taxes per month for mo.

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#### D. TOTAL LOAN COSTS (Borrower-Paid)

Loan Costs Subtotals (A + B + C)

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05

# Audit Form

Closing Disclosure Delivery & Tracking				
Settlement Agent Name		Settlement Agent Address		
City, ST XXXXX		Phone: (XXX)XXX-XXXX		
Order Number:	XX-XXXX			
Escrow officer/Closer:	Name			
Settlement Date:	XX/XX/XXXX			
Borrower:	[All Borrower Names]			
Seller:	[All Seller Names]			
Lender:	Lender Name	Loan Number:	XX-XXXX	
Property:	Address1			
	Address2			
	City, ST XXXXX			
Status:	[Status]			
Loan Estimate delivered:	XX/XX/XXXX			
Waiting period waiver received for:	<input type="checkbox"/> Closing Disclosure form			
	<input type="checkbox"/> Right of rescission			
	Scheduled	Earliest Available	Actual	
Borrower Signing				
Seller Signing				
Consummation				
Disbursement				
Recording				
<b>Delivery &amp; Tracking</b>				
Prepared:	XX/XX/XXXX XX:XX:XX AM/PM	By:	[contact company]	
Closing Disclosure type:	[Borrower/Seller]			
Approved:				
By	Date	Evidence of Approval	Notes	
[person] at [contact company]	[date]	[evidence of approval]	[notes]	
[person] at [contact company]	[date]	[evidence of approval]	[notes]	
Responsible for delivery: [contact company]				
Delivery & Tracking:				
Sent	Name	Delivery Address	Confirmation	Notes
[delivery method]	[buyer/seller name]	[address] or [email]	[received date]	[notes]
		[city/state/zip]	[evidence of delivery]	
Prepared: XX/XX/XXXX XX:XX:XX AM/PM By: [contact company]				
Closing Disclosure type: [Borrower/Seller]				
Approved:				
By	Date	Evidence of Approval	Notes	
[person] at [contact company]	[date]	[evidence of approval]	[notes]	
[person] at [contact company]	[date]	[evidence of approval]	[notes]	
Responsible for delivery: [contact company]				
Delivery & Tracking:				
Sent	Name	Delivery Address	Confirmation	Notes
[delivery method]	[buyer/seller name]	[address] or [email]	[received date]	[notes]
		[city/state/zip]	[evidence of delivery]	



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



# FHA Certification

## FHA Single Family Housing Handbook (HUD Handbook 4000.1) Frequently Asked Questions Preview


Row			References
371.			
372.			
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.

**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.**


**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 Mortgage 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

### Closing Disclosure Certification

The Closing Disclosure which I have prepared is a true and accurate account of all receipts and disbursements of funds required to settle this transaction from the noted sources including the funds (i) to be paid out by me as Settlement Agent or (ii) as paid by others outside of this settlement and duly marked as "paid outside of closing" on the Closing Disclosure. All such receipts and disbursements are as set forth in the purchase agreement (if applicable) and/or the closing instructions from the Lender. All such received funds have been or will be timely disbursed by the undersigned as part of the settlement of this transaction.

**Settlement Agent**

Date: 09/01/2015

**WARNING:** Federal law provides that anyone who knowingly or willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry may be criminally prosecuted and may incur civil administrative liability.

✕ Cancel

Submit



# **CRUNCH TIME!!!**



**Lisa A. Tyler**  
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**Fidelity National Financial, Inc.**  
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**714-709-7929 (Cell)**