

TILA-RESPA Integrated Disclosures
Presented by the Consumer Financial Protection Bureau

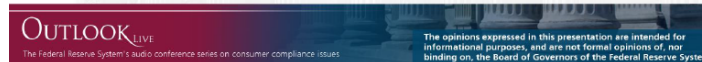
Transcript prepared by BuckleySandler LLP¹

Outlook Live Webinar- November 18, 2014

**TILA-RESPA Integrated
Disclosures, Part 4 - Completing
the Closing Disclosure**

Presented by the Consumer Financial Protection Bureau

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Unidentified Male: Ladies and gentlemen. Thank you for your patience, please remain on the line, your conference will begin momentarily. Again, we do appreciate your patience. Please remain on the line your teleconference will begin momentarily. Thank you very much. Good day ladies and gentlemen, and welcome to today's Outlook Live call. All lines have been placed in a listen-only mode and the floor will be open for questions and comments later on in the presentation. If you should require assistance during the conference, please press star zero to reach a live operator. At this time it is my pleasure to turn the floor over to your host, Laurie Lavaroni (ph). Laurie, the floor is yours.

Laurie Lavaroni: Thank you. Hello everyone. My name is Laurie Lavaroni and I'd like to welcome you to Outlook Live, the Federal Reserve System's audio conference series on consumer compliance topics. It is my pleasure to be opening today's webinar, TILA-RESPA Integrated Disclosures, Part 4 - Completing the Closing Disclosure. This is Part 4 in a series of presentations by the Consumer Financial Protection Bureau on the integrated mortgage disclosures rule. Previous sessions are archived on our Outlook Live website and available for playback at your leisure.

Before I hand things off to our first speaker, I want to mention a few features of the webinar platform. Since this session is delivered using a webinar format, you should receive both the audio and video via your computer. We've also added closed captioning to this session, which should automatically appear

¹ The audio recording and original slides are available at: <https://consumercomplianceoutlook.org/outlook-live/>. The transcript was prepared from the audio recording provided by the Federal Reserve Bank and may have minor inaccuracies due to sound quality. In addition, the transcript has not been reviewed by the CFPB or the Federal Reserve for accuracy or completeness. This transcript inserts an image of the slide that corresponds to the discussion, but all insertions are approximate. This transcript also revises citations for clarity and for consistency with the Code of Federal Regulations where necessary (e.g. "Section 1026.19(f)(4)(i)" instead of "1026.19(f)(4)(1)").

on your screen. If you experience any technical difficulties during the webinar, please contact us by clicking on the Ask a Question button. With the webinar format we'll be advancing the presentation slide during the event. You can also download a copy of the presentation by clicking on the Materials button. That will bring up another window where you can download the PDF of both the full slides and a handout version of today's presentation.

I also want to mention that this webinar focuses on the closing statement, and a few of the slides contain sections of the closing statement that might be a little difficult to view. So, in light of that we've added a blank closing statement annotated with regulatory citations which you can print out and use to follow along at any time during the presentation. As always, if you have a question, you can just click on the Ask a Question button any time during the presentation to submit the question or request for clarification. We're going to try to get to as many questions as we can, but we have a short amount of time together today, so we may not get to all of them.

The last thing I'll mention, and hopefully you're aware of this by now, is that the Federal Reserve System also publishes a quarterly newsletter entitled Consumer Compliance Outlook. Both the Outlook Live webinar and Outlook newsletter are part of the Federal Reserve Systems outreach activities are free of charge and can be accessed at www.consumercomplianceoutlook.org. Also, in case you want to listen to the presentation again, all of our Outlook Live web casts are archived and are available for playback. Just access the archives by using the same web link you used to access today's webinar.

So with that I'll hand things off to Andy Arculin, at the Consumer Financial Protection Bureau. Andy, the floor is yours.

Andy Arculin, Counsel, CFPB Office of Regulations: Thank you, Laurie. And, as always, thanks to the Federal Reserve System for co-hosting today's event. To everyone tuning in, good afternoon and welcome back to the fourth webinar on the TILA-RESPA integrated disclosures. To date we've covered a high level overview of the rule, a session addressing some key questions on scope as well as procedural and operational questions about the rules, a session covering the Loan Estimate form and common questions about that form, and that takes us to today, which will be the last major component of the final rules, the Closing Disclosure form.

Joining me today to cover the Closing Disclosure are David Friend and Priscilla Walton-Fein from the Office of Regulations. A few things to note up front, this session will be similar to the October session on the Loan Estimate. We will walk you through the Closing Disclosure form and the corresponding regulatory provision in § 1026.38, Regulation Z, and we also will answer some questions along the way.

Like the October presentation, this session will tie closely to the Guide to Forms, and you will notice references to the Guide to Forms on various slides to help you along. We have also provided citations to the corresponding regulatory provisions that we'll cover for your convenience as well. I would note that there will be a few differences from the last presentation. As we've noted at the end of each session, we have been trying our best to consider your feedback and made a few tweaks in response to that feedback to improve your user experience. You should notice more illustrations in the slides. We actually will be showing you a sample transaction as we go through the Closing Disclosure form, as well as more highlighted regulatory citations for your convenience. For the sample form, this is a sample from the appendix that was published along with our final rule, and this and other sample forms are available on our website at the web address that I'll provide to you in a few slides.

In addition, as Laurie noted, you should have received or you should have available to you a separate copy of the Closing Disclosure that has annotations to these regulatory provisions that you can use as a reference. That form is also available on our website as well. In addition, the flow of the presentation will be slightly different with more time spent walking through the Closing Disclosure form, as we have fewer questions this time around. There is a good degree of overlap between the Loan Estimate and the Closing Disclosure, so many of the frequently asked questions covered in the last session, which was about the Loan Estimate in § 1026.37 also will apply to the Closing Disclosure. We won't cover those questions again today, but I do encourage everyone to review them as you think through the Closing Disclosure.

In addition the Closing Disclosure is a longer form with additional disclosures and information that's not on the Loan Estimate, so we will spend much of our time walking through the form and highlighting differences and overlaps with the Loan Estimate. You will notice that we are making a point to call out cross references to the Loan Estimate rules that we covered last time too. We've included them in the slides, where appropriate, for your convenience.

Disclaimer

- The Bureau issued the TILA-RESPA Integrated Disclosure final rule in November of 2013 to implement provisions under the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- The Final Rule will take effect in August 2015.
- Examples of the forms shown are not consistent with a single transaction.
- This presentation is current as of November 18, 2014. This presentation does not represent legal interpretation, guidance or advice of the Bureau. While efforts have been made to ensure accuracy, this presentation is not a substitute for the rule. Only the rule and its Official Interpretations can provide complete and definitive information regarding requirements. This document does not bind the Bureau and does not create any rights, benefits, or defenses, substantive or procedural, that are enforceable by any party in any manner.



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Arculin: Okay, so we can start with the presentation, I would move everyone to the next slide very briefly. This is the same disclaimer that will always apply to our presentations. We have gone over this before, but it's important just to note that this is a reminder to everyone that we, the CFPB staff, are here to be helpful and to try and explain the rules and answer questions about the rules, and we have made every effort to ensure that our answers to those questions and the way we're describing the rules are accurate, but ultimately these are not official staff interpretations, and the rules do speak for themselves. They can't be amended or changed by webinar or other means, besides notice and comment rulemaking.

We can advance to slide Number 3.

CFPB Resources

- **Dedicated Regulatory Implementation Website:**
<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>
 - [Small Entity Compliance Guide](#)
 - [Guide to Forms](#)
 - [Disclosure Timeline Illustration](#)
 - [Sample and Annotated Forms](#)
 - Links to Webinars
 - Additional Guidance Materials
- **eRegulations Tool:**
<http://www.consumerfinance.gov/eregulations>



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Arculin: This is also something that you've seen before, it's just a reminder of the various resources that we have made available, as well as a link to our dedicated regulatory implementation website. This, just to point out, is a small entity compliance guide, the Guide to Forms, and disclosure timeline illustrations that we put out recently, sample and annotated forms, as well as links to our webinars and additional guidance materials, and at the bottom you will see a link to our e-Regulations tool, which is something you can use to actually navigate the regulatory provisions and commentary.

We can advance to slide Number 4.

Recent Events and Publications

- **Webinars**
 - [Rule overview](#): 6/17/2014
 - [Frequently asked questions](#): 8/26/2014
 - [Loan Estimate contents](#): 10/1/2014
- **Publications**
 - [Disclosure Timeline Illustration](#)
 - [Readiness Guide](#)
- **Proposed Rule**
 - [Amendments to the 2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act \(Regulation X\) and Truth In Lending Act \(Regulation Z\) and the 2013 Loan Originator Rule Under the Truth in Lending Act \(Regulation Z\)](#)
 - Redislosure for rate locks and new construction loans
 - Technical changes
 - Comment period closed 11/10/14

<https://www.federalregister.gov/articles/2014/10/29/2014-24739/amendments-to-the-2013-integrated-mortgage-disclosures-rule-under-the-real-estate-settlement>



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Arculin: This is just to note recent events and publications, again, with a link to our dedicated web page. The webinar, this is just that we provided a rule overview in June, frequently asked questions on operational and scope issues in August, and Loan Estimate contents in October. We've also published a few things, a disclosure timeline that I mentioned a minute ago, as well as the readiness guide that was published by our Office of Supervision. And finally the slide makes note of the proposal that we issued in October to adjust the timing requirement for revised disclosures, when the consumer locks an interest rate after the initial disclosures are provided, and that proposed amendment to permit language related to new construction loans to be included on the Loan Estimate forms, as well as some other minor technical and wording changes. The comment period on that proposal closed November 10th, which is about a week ago, and we are now working through those comments and plan to finalize the proposal as quickly as we can. I would note that we do not anticipate at this time proposing additional changes prior to the August 2015 effective date, nor do we believe that the changes we have proposed and are in the process of finalizing should affect your ability to implement by that time.

As to this presentation, that covers housekeeping and updates, we're ready to turn to today's session on the Closing Disclosure. As I mentioned in the beginning, we will walk through the form page by page and highlight the corresponding regulatory provisions that relate to filling out the Closing Disclosure in § 1026.38 of Regulation Z. I would note that there are also timing, delivery and re-disclosure requirements that correspond to the Closing Disclosure in § 1026.19 of Regulation Z, which we have covered in past sessions, and also it's covered in great detail in our small entity compliance guide and touched upon in our timeline illustration as well. We won't cover those issues again today, I'll just point out that they are still there and there are materials that can help you along. Today, however, we will be focusing on the Closing Disclosure, and I'll turn it over to Priscilla to start walking us through the Closing Disclosure by introducing the first page.

Priscilla Walton-Fein, Senior Counsel, CFPB Office of Regulations: Thanks Andy. We can move to slide Number 5.

Closing Disclosure Form, Page 1 1026.38(a)-(d)

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	
Date Signed	07/10/2013	Borrower	Michael Jones and Mary Stone
Closing Date	07/10/2013	Seller	123 Anywhere Blvd Anytown, UT 12345
Document Number	07/10/2013	Loan Type	30 Year Fixed Rate
Refinance	NO	Loan ID	123456789
Property	456 Somewhere Ave Anytown, UT 12345	Loan ID	123456789
Loan Terms		Can this amount increase after closing?	NO
Loan Amount	\$142,000	Interest Rate	3.875%
Monthly Principal & Interest	\$761.78	Monthly Principal & Interest	\$761.78
Prepayment Penalty	NO	Does the loan have these features?	YES - As high as \$1,240 if you pay off the loan during the first 2 years.
Ballon Payment	NO		
Projected Payments			
Payment Calculation	Years 1-7	Years 8-30	
Principal & Interest	\$761.78	\$761.78	
Mortgage Insurance	+	+	
Estimated Escrow	+	+	
Estimated Total Monthly Payment	\$1,050.26	\$967.91	
Estimated Taxes, Insurance & Assessments	\$356.13		
Costs at Closing			
Closing Costs	\$9,712.10		
Cash to Close	\$14,147.26		

- Closely mirrors Page 1 of the Loan Estimate
- [Guide to Forms](#) Section 3.2
- [Sample forms](#) available on regulatory implementation web site
- Regulatory provisions: 1026.38(a)-(d)

Walton-Fein: Page one of the Closing Disclosure closely mirrors page 1 of the Loan Estimate, with some differences that we will discuss over the next few slides. Like page 1 of the Loan Estimate, Page 1 the Closing Disclosure highlights the most important loan information that consumers readily understand and use to evaluate their loan. Specifically Page 1 of the Closing Disclosure contains the following information:

- One, general information about closing and about the transaction;
- Two, a loan terms table that identifies key loan terms;
- Three, a projected payment table that shows the periodic payments that the consumer will make over the life of the loan, as well as estimated payments for taxes, insurance and assessments; and
- Four, a table of the costs at closing that shows the cash the consumer will need at the time of closing.

The regulatory citations for the information found on Page 1 of the Closing Disclosure are §§ 1026.38(a)-(d). We are going to discuss each of these regulatory provisions in more detail, but please note that you can find more information about the disclosures on Page 1 of the Closing Disclosure in Section 3.2 of the Guide to Forms, which can be found at the website that Andy just mentioned. And you can also find sample forms on our regulatory implementation web page. So we are now going to provide a high level walk through of the various components of the first page of the Closing Disclosure, starting with the general information section at the top of the page. So let's move to slide Number 6 and Andy will take us through that general information section.

Page 1: General Information

1026.38(a); Guide to Forms Section 3.2.1

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	
Date Issued	4/15/2012	Borrower	Michael Jones and Mary Stone
Closing Date	4/15/2013		123 Anywhere Street
Disbursement Date	4/15/2013		Anytown, ST 12345
Settlement Agent	Epsilon Title Co.	Seller	Steve Cole and Amy Doe
File #	12-3456		321 Somewhere Drive
Property	456 Somewhere Ave	Lender	Anytown, ST 12345
	Anytown, ST 12345		Ficus Bank
Sale Price	\$180,000		
		Loan Information	
		Loan Term	30 years
		Purpose	Purchase
		Product	Fixed Rate
		Loan Type	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
			<input type="checkbox"/> VA <input type="checkbox"/> _____
		Loan ID #	123456789
		NIC #	000654321

Title: 1026.38(a)(1)
Purpose: 1026.38(a)(2)



Arculin: Thanks, Priscilla. As Priscilla mentioned, we will be walking through the first page from top to bottom, and first we will cover the general information disclosures which are found at the top and are required to be disclosed pursuant to § 1026.38(a) and its subparts. These next few slides will show the general information section for one of the sample transactions in our appendix, and you'll also note it references Section 3.2.1 of the Guide to Forms where you can go for more information as well as regulatory sites. So that said, this first slide shows the most basic information in the section, the label or the title, "Closing Disclosure," which goes in the top left in large bolded font. It's required to be disclosed pursuant to § 1026.38(a)(1), and the form purpose, which is again a stock statement, it goes at the top right and is italicized and is disclosed pursuant to § 1026.38(a)(2). Not a whole lot to cover about these two other than just introduce them, so, we can go advance to the next slide.

Page 1: General Information

1026.38(a); Guide to Forms Section 3.2.1

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 4/15/2013
Closing Date 4/15/2013
Disbursement Date 4/15/2013
Settlement Agent Epsilon Title Co.
File # 12-3456
Property 456 Somewhere Ave
Anytown, ST 12345
Sale Price \$180,000

Transaction Information

Borrower Michael Jones and Mary Stone
123 Anywhere Street
Anytown, ST 12345
Seller Steve Cole and Amy Doe
321 Somewhere Drive
Anytown, ST 12345
Lender Ficus Bank

Loan Information

Loan Term 30 years
Purpose Purchase
Product Fixed Rate
Loan Type ☒ Conventional ☐ FHA
☐ VA ☐
Loan ID # 123456789
MIC # 000654321

Closing Information: 1026.38(a)(3)

- Date Issued: 1026.38(a)(3)(i)
- Closing Date: 1026.38(a)(3)(ii)
- Disbursement Date: 1026.38(a)(3)(iii)
- Settlement Agent: 1026.38(a)(3)(iv)
- File #: 1026.38(a)(3)(v)
- Property: 1026.38(a)(3)(vi) (cross-ref. to 1026.37(a)(6))
- Sale Price: 1026.38(a)(3)(vii)



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Arculin: Next we have the closing information section of the form, which is shown here and continues with § 1026.38. The corresponding regulatory provision is found in § 1026.38(a)(3) and its subparts. You'll see each provision called out with the corresponding regulatory cite on the slide for your convenience, so you can follow along. I will cover them in turn. First, we have the date issued. This is the date the disclosure is required by the section, in other words, the Closing Disclosure, and delivered to the consumer. I will note that this date is the date delivered to the consumer, not the date that the form is actually printed by the creditor. In this example the date is 4/15/2013, which you'll notice is also the closing date and the disbursement date. So presumably this is a revised Closing Disclosure that was provided to the consumer at consummation. I will also note that there is a corresponding provision in § 1026.37(a)(4) for the Loan Estimate, and the commentary to § 1026.38, specifically comment 38(a)(3)(i)-1 the only comment to this section, instructs that for general guidance on identifying the date issued for the Closing Disclosure, see commentary to § 1026.37(a)(4). Basically there is commentary that instructs you as to the Loan Estimate rules, and that's really it.

Below that we have the closing date, this is the -- it's labeled the closing date, but I would note that this is actually the date of consummation. That is the date -- consummation as defined by Regulation Z. We have covered this before, but Regulation Z defines consummation as the time when the consumer becomes contractually obligated on the credit transaction according to applicable state law. Usually this will occur around the same time, around the same date as the real estate closing, but not always, and it's important to look at and understand state law, and here that date, as I mentioned before, is April 15, 2013.

Underneath that we have the disbursement date. This is the date the funds were disbursed, and here that date is also 4/15/2013. So this is presumably a transaction where funds are also being disbursed on the date of consummation.

Under the disbursement date we have the settlement agent. Here the required disclosure of the name of the settlement agent conducting the closing. The only thing to point out here is this is the name of the

entity that employs the settlement agent. The name of the individual conducting the closing is not required, it's just the entity name, and in this example you have Epsilon Title Company.

Underneath settlement agent is the file number, this is the number assigned to the transaction by the settlement agent for identification purposes labeled, "File #." This could be alphanumeric, there is no prescribed convention for file numbers in the rules, although this example does show a number with a dash.

Underneath the file number we have the property, this is the address of the property, and this is the same figure disclosed on the Loan Estimate as the slide points out. You will note that the cross reference to § 1026.37(a)(6), which basically means you, what you disclose in the Loan Estimate you will disclose here for the property address.

And finally, underneath that we have the sale price, this is the disclosure of the sale price. Here we have \$180,000 as the sale price. A few things I note about this disclosure: For transactions with a seller, you should disclose the sale price, and here as I mentioned, that's \$180,000, but for transactions without a seller, such as a refinance, you should disclose the appraised value and label it appraised prop. value, assuming there has been an appraisal. The rule does provide some degree of flexibility if the creditor should not yet obtain an appraisal. It allows creditors to disclose an estimated value, so long as it is labeled estimated prop. value. And for your reference, that's comment 38(a)(3)(vii)-1. We can advance to the next slide.

Page 1: General Information

1026.38(a); Guide to Forms Section 3.2.1

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 4/15/2013
Closing Date 4/15/2013
Disbursement Date 4/15/2013
Settlement Agent Epsilon Title Co.
File # 12-3456
Property 456 Somewhere Ave
Anytown, ST 12345
Sale Price \$180,000

Transaction Information

Borrower Michael Jones and Mary Stone
123 Anywhere Street
Anytown, ST 12345
Seller Steve Cole and Amy Doe
321 Somewhere Drive
Anytown, ST 12345
Lender Ficus Bank

Loan Information

Loan Term 30 years
Purpose Purchase
Product Fixed Rate
Loan Type ☒ Conventional ☐ FHA
☐ VA ☐
Loan ID # 123456789
MIC # 000654321

Transaction Information: 1026.38(a)(4)

- Borrower: 1026.38(a)(4)(i)
- Seller: 1026.38(a)(4)(ii)
- Lender: 1026.38(a)(4)(iii)

Arculin: This next slide shows the transaction information section, which was disclosed pursuant to § 1026.38(a)(4) and its subparts as the slide and citations tell you. There is not a lot to discuss here, this is contact information. You have information required for the borrower and seller, where you disclose both the name and address of the borrower and seller. And then finally underneath we have the lender,

in other words, the creditor. You'll notice that the forms often refer to lender, generally that's the same as the creditor. Here that name is Ficus Bank, and you'll notice that there is no address, that's because there is no address required to be disclosed for the lender. We can move to the next slide.

Page 1: General Information

1026.38(a); Guide to Forms Section 3.2.1

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	4/15/2013	Borrower	Michael Jones and Mary Stone	Loan Term	30 years
Closing Date	4/15/2013		123 Anywhere Street	Purpose	Purchase
Disbursement Date	4/15/2013		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 #	12-3456		321 Somewhere Drive	<input type="checkbox"/> VA <input type="checkbox"/>	
Property	456 Somewhere Ave		Anytown, ST 12345	Loan ID #	123456789
	Anytown, ST 12345	Lender	Ficus Bank	MIC #	000654321
Sale Price	\$180,000				

Loan Information: 1026.38(a)(5)

- Loan Term: 1026.38(a)(5)(i) (cross-ref. to 1026.37(a)(8))
- Purpose: 1026.38(a)(5)(ii) (cross-ref. to 1026.37(a)(9))
- Product: 1026.38(a)(5)(iii) (cross-ref. to 1026.37(a)(10))
- Loan Type: 1026.38(a)(5)(iv) (cross-ref. to 1026.37(a)(11))
- Loan ID #: 1026.38(a)(5)(v) (cross-ref. to 1026.37(a)(12))
- Mortgage Insurance Case Number (MIC #): 1026.38(a)(5)(vi)



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Arculin: The last reference, the general information, is the loan information which is disclosed pursuant to § 1026.38(a)(5) and its subparts. You will notice that this very closely resembles the disclosures you make on the Loan Estimate pursuant to § 1026.37(a)(8)-(12) and we have included cross-references here for your convenience. We have the loan terms, the loan purpose, the product, the loan type, and the loan ID all with cross-references to the Loan Estimate. Just to repeat for good measure, we did cover these disclosures in greater detail during the October session on the Loan Estimate, and we also answered some common questions about them. These provisions are good examples of disclosures where the rules for what you disclose in the Closing Disclosure are largely determined by the Loan Estimate provisions in § 1026.37.

There is one additional disclosure here that's not on the lineup, and that's the mortgage insurance case number, that's disclosed pursuant to § 1026.38(a)(5)(vi) as shown on the slide, and that is a case number, and that's where it goes.

So we can move on to the next slide, and Priscilla will start taking us through loan terms.

Page 1: Loan Terms

1026.38(b); Guide to Forms Section 3.2.2

Loan Terms		Can this amount increase after closing?
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	NO
		Does the loan have these features?
Prepayment Penalty		YES • As high as \$3,240 if you pay off the loan during the first 2 years
Balloon Payment		NO

Each element of the Loan Terms table on the Closing Disclosure under 1026.38(b) is the same as on the Loan Estimate under 1026.37(b), updated to reflect the final terms of the legal obligation



1p

Walton-Fein: Thanks Andy. We are now on slide ten, and we are going to discuss the loan terms section of Page 1 of the Closing Disclosure. So, as noted on the slide, each element of the loan terms table on the Closing Disclosure is the same as on the Loan Estimate loan terms tables, except that the Closing Disclosure is updated to reflect the final rather than estimated terms of the legal obligation in the regulatory citation for the loan terms table on the Closing Disclosure is § 1026.38(b). Like on the Loan Estimate the loan terms table on the Closing Disclosure provides basic information about the loan terms and adjustments that may occur after consummation. Specifically, those terms are loan amount, interest rate, and principal and interest payments. For each of these three disclosures, the loan terms table also explains if the amounts may increase after consummation, and discloses information about the timing and amount of the potential increase. The loan terms table also discloses whether the loan may provide for a prepayment penalty or a balloon payment.

So now we can move on to the next slide and we'll discuss the projected payments table.

Page 1: Projected Payments 1026.38(c); Guide to Forms 3.2.3

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time See page 4 for details</small>	\$356.13 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other Homeowner's Association Dues In escrow? YES YES NO
<small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>		

The elements of the Projected Payments table on the Closing Disclosure under 1026.38(c) are the same as on the Loan Estimate under 1026.37(c), updated to reflect the final terms of the legal obligation, except:

- Different rules for Estimated Escrow and Estimated Taxes, Insurance & Assessments
- Different references to Escrow Account information



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Walton-Fein: The projected payments table discloses the periodic payments that the consumer will make over the life of the loan. And the regulatory citation for this part of the Closing Disclosure is § 1026.38(c). Lenders disclose the following periodic payment amounts in the projected payment table:

- One, principal and interest;
- Two, mortgage insurance;
- Three, escrow payments; and
- Four, the total periodic payment.

The projected payments table displays those periodic payment amounts and the years of the loan during which the payments will apply. In addition to showing the changes to periodic payments, the bottom of the projected payments table shows the total monthly amount due for property taxes, homeowner's insurance, homeowner's association and similar charges, and certain insurance premiums or charges if they are required by the lender. We've provided an example on the slide which shows a thirty-year loan with principal and interest payments that remain fixed over the life of the loan, with mortgage insurance to terminate during the seventh year. For a detailed discussion of how to fill out the projected payments table, you can refer to our October webinar.

So, as noted on the slide, the elements of the projected payments table on the Closing Disclosure are largely the same as on the Loan Estimate, except that the Closing Disclosure is updated to reflect the final, rather than estimated terms of the legal obligation. There are, however, two differences between the projected payments table on the Loan Estimate and the Closing Disclosure. The first, and most notably, there are different rules for the disclosure of estimated escrow and estimated taxes, insurance and assessment. Please recall that the rules for disclosing amounts for property taxes and homeowner's insurance for purposes of the estimated escrow and estimated taxes, insurance and assessments

disclosures on the Loan Estimate are found in § 1026.37(c)(5). That section generally provides that for those disclosures, estimated property taxes and homeowner's insurance shall reflect the following:

- First, the taxable assessed value of the real property that secured the transaction after consummation, including the value of any improvement on the property or to be constructed on the property, if known, for property taxes.
- And second, the replacement cost of the property during the initial year after consummation for homeowner's insurance.

This portion of the rule regarding the Loan Estimate implements new Dodd-Frank Act requirements regarding the disclosure of escrow payments.

On the projected payments table on the Closing Disclosure, however, the rule for disclosing property taxes and homeowner's insurance is different due to the need to reconcile the new Dodd-Frank Act requirement with current Regulation X escrow account analysis rules. So specifically for transactions that are subject to RESPA, in disclosing the estimated escrow and estimated taxes, insurance and assessments on the Closing Disclosure, the amounts of property taxes and homeowner's insurance are determined under the escrow account analysis described in Regulation X in 12 C.F.R. § 1024.17. For transactions that are not subject to RESPA, those amounts may be determined under the escrow account analysis described in Regulation X or in the manner set forth in § 1026.37(c)(5) of Regulation Z, which contains the rules for disclosing property taxes and homeowner's insurance for the projected payments table on the Loan Estimate. Again, this is the main difference between the projected payments table on the Loan Estimate and the projected payments table on the Closing Disclosure.

The second difference between the projected payments table on the Loan Estimate and the Closing Disclosure is that there is a different reference to the escrow account information, which is on Page 4 of the Closing Disclosure. So now we can move to slide 12.

Page 1: Costs at Closing 1026.38(d); Guide to Forms Section 3.2.4

Standard Table: 1026.38(d)(1)

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.

Alternative Table (transactions with no seller): 1026.38(d)(2)

Costs at Closing		
Closing Costs	\$5,757.57	Includes \$3,495.50 in Loan Costs + \$2,762.07 in Other Costs – \$500 in Lender Credits. See page 2 for details.
Cash to Close	\$29,677.43	Includes Closing Costs. See Calculating Cash to Close on page 3 for details. <input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower

Walton-Fein: The last section of the first page of the Closing Disclosure is the Costs at Closing table. In the regulatory citation for this part of the form is § 1026.38(b). So as you can see on the slide, there are two different types of Costs at Closing tables: a standard table and an alternative table that is used in transactions with no seller, like a refinance transaction, if the alternative Costs at Closing table was used on the Loan Estimate. So we'll start by walking through the standard Costs at Closing table. That table discloses the following amounts:

- First it discloses total closing costs. So, as you can see on the example on the slide, the total closing costs amount is also itemized to show total loan costs, total other costs and lender credits, which can be found on Page 2 of the Closing Disclosure.
- Second, the Costs at Closing table also discloses the amount of cash the consumer will pay at closing, and this amount is also disclosed as Cash to Close in the calculating Cash to Close table on Page 3 of the Closing Disclosure.

The regulatory citation for the standard Costs at Closing table is § 1026.38(d)(1).

So now let's look at the alternative Costs at Closing table. Note that check boxes are used here to indicate whether the amount of cash is due from or paid to the consumer. And this is the difference between the standard and the alternative Costs at Closing tables. And the regulatory citation for the alternative Costs at Closing table is § 1026.38(d)(2). So we can now move to the next slide and I will hand it over to David who will discuss Page 2 of the Closing Disclosure.

Closing Disclosure Form, Page 2 1026.38(f)-(h); Guide to Forms Section 3.3

Section	Item	Amount	Due From Consumer	Due To Consumer	Total
A. Prepaid Costs	Taxes	\$1,000.00			\$1,000.00
	Insurance	\$500.00			\$500.00
	Other	\$100.00			\$100.00
	Total	\$1,600.00			\$1,600.00
B. Loan Costs	Interest	\$2,000.00			\$2,000.00
	Points	\$1,000.00			\$1,000.00
	Other	\$500.00			\$500.00
	Total	\$3,500.00			\$3,500.00
C. Other Costs	Title	\$1,000.00			\$1,000.00
	Recording	\$500.00			\$500.00
	Other	\$100.00			\$100.00
	Total	\$1,600.00			\$1,600.00
D. Lender Credits	Other	\$1,000.00		\$1,000.00	
	Total	\$1,000.00		\$1,000.00	
E. Cash to Close	Other	\$10,000.00			\$10,000.00
	Total	\$10,000.00			\$10,000.00
F. Total Closing Costs	Other	\$10,000.00			\$10,000.00
	Total	\$10,000.00			\$10,000.00

- Similar information found on Page 2 of the Loan Estimate
- [Sample forms](#) available on regulatory implementation website
- Regulatory provisions: 1026.38(f)-(h)

David Friend, Counsel, CFPB Office of Regulations: Thank you, Priscilla. The second page of the Closing Disclosure looks a bit different, but has information similar to the information found on Page 2 of the Loan Estimate. The changes to the information are due to the inclusion of real estate services and the allocation of items between the parties. Just to note, the categories are the same as they were on the Loan Estimate, but some items can move from category to category. Amounts of each item are placed in

columns to indicate the party paying for the service; the consumer, the seller, or others. Consumer and seller amounts are further broken down to indicate if those amounts are paid at or before closing. There are no maximum numbers of lines for these categories, the number of lines can be reduced or added by the creditor for each category based on need. If this is not sufficient to disclose the items, Page 2 can be broken into two pages, number 2A and 2B, with loan costs on Page 2A and other costs on Page 2B. For an example of this division, see Form H-25(h), in Appendix H. Most of these items, and where they're included on the Closing Disclosure, can be found by looking at the Guide to Forms Section 3.3. We also have samples of some transactions that are available on our regulatory implementation website, as we discussed previously. The regulatory provisions for all of these items can be found at § 1026.38(f)-(h).

We are going to start with the loan costs. These are items that are for services that are required by the creditor. Like on the Loan Estimate, the loan costs are broken down into origination charges and charges the borrower did and did not shop for pursuant to § 1026.38(f).

We can have the next slide, please. Andy will start the discussion at Page 2 with the Origination Charges category.

Page 2: Origination Charges
1026.38(f)(1); Guide to Forms Section 3.3.1

Loan Costs		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges		\$1,867.00				
01	0.25 % of Loan Amount (Points)		\$405.00			
02	Application Fee		\$300.00			
03	Underwriting Fee		\$1,097.00			
04						
05						
06						

First item disclosed is for points paid to the creditor to reduce the interest rate. (1026.38(f), cross-ref. to 1026.37(f)(1)(i))

Each column and sub-column is required by 1026.38(f) (for Loan Costs table) and (g) (for Other Costs table)

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Arculin: Thanks, David. As the slide tells you, § 1026.38(f)(1) requires disclosure of origination charges. And just to note, this provision corresponds directly to the origination charges disclosed on the Loan Estimate, pursuant to § 1026.37(f)(1), which we discussed in the last session.

Here § 1026.38(f)(1) requires that itemization of each amount be disclosed in the Loan Estimate pursuant to § 1026.37(f)(1). And here we have as an illustration a transaction where there is a quarter point being charged, along with an application fee and an underwriting fee, so note that the first item disclosed is for points paid to reduce the interest rate on the legal obligation. This is § 1026.38(f)(1)(i), again determined very heavily by what we've discussed last time on the Loan Estimate. You'll see a cross-reference to § 1026.37(f)(1)(i). And as we covered in the last session, the rules are specific about what may be

labeled points, this shows a quarter point paid, and presumably that has to be a point paid to reduce the interest rate. The other origination charges are as were required, itemized below.

One key difference between the Closing Disclosure and Loan Estimate, as David pointed out a minute ago, is that each column shows who paid the charge and when. The origination charges here should reflect the terms of the transaction as well, as opposed to just estimates provided early. The creditors must disclose the payer of each charge and whether it was paid by the borrower, seller, or other. Columns show these charges paid as well before closing or at closing by the borrower or the seller, and there is also a charge paid by others category, if not paid by the borrower or seller. This can be any third-party such as the creditor/lender which, as we mentioned, are used interchangeably on these forms, the employer or other third-party.

An additional thing to note, charges paid by the lender pursuant to the legal obligation between the creditor, the lender and consumer may include the letter L in parenthesis, i.e. (L) to the left of the amount in the column in order to denote that those charges are being paid by the lender. And an additional thing is for borrower paid charges, the creditor must sum up and disclose a total. Up at the top you'll see here that amount is \$1,802. We have \$405 for points, \$300 for an application fee, \$1,097 for an underwriting fee, all being paid by the borrower at closing and then a total of \$1,802 at the top. We can advance to the next slide.

Page 2: Origination Charges

1026.38(f)(1); Guide to Forms Section 3.3.1

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,802.00				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					

Loan originator compensation paid by the creditor to a third-party loan originator is also disclosed under Origination Charges but is shown in the Paid by Others column. (Comment 38(f)(1)-2)) A designation of “(L)” may be used to denote that the creditor (lender) paid that amount to the third-party loan originator. (Comment 38(f)-1))

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Arculin: This next slide highlights another difference between the Closing Disclosure and Loan Estimate for origination charges, and that is the loan originator compensation paid by the creditor to a third-party loan originator, such as a mortgage broker, would not be disclosed on a Loan Estimate, but is disclosed on the Closing Disclosure. This is the type of charge that's not being paid by the consumer, but nonetheless is required under § 1026.38(f)(1) to be reflected on the Closing Disclosure. And this is shown in the Paid By Others column, since it's being paid by the creditor or lender to a third-party loan

originator. The commentary, as the slide notes, is 38(f)(1), comment number 2. And as the slide also notes, a designation of (L) may be used to denote that the creditor paid the amount to the mortgage broker, and also provides you a cite, Comment 38(f)(1)-2, and as the slide also notes, a designation of (L) may be used to note that the creditor paid the amount to the mortgage broker, and also provides you a cite, Comment 38(f)-1.

For your reference the rules for determining this amount are set forth in Comment 38(f)(1)-3. To read it, it's the dollar value of salaries, commissions, and any financial or similar compensation provided to a third-party loan originator by the creditor that are considered to be points and fees under § 1026.32(b)(1)(ii). In other words, the amount of loan originator compensation disclosed in this manner here is the amount that would be loan originator compensation, creditor-paid loan originator compensation, included in points and fees under last year's ability to repay qualified mortgages rule. And there are some examples and illustrations of how those rules work in § 1026.32(b)(1)(ii) and its commentary. So I'll turn it over back to David, and we can advance to the next slide.

Page 2: Services Borrower Did Not Shop For
1026.38(f)(2); Guide to Forms 3.3.1

B. Services Borrower Did Not Shop For		\$236.55			
01 Appraisal Fee	to John Smith Appraisers Inc.				\$405.00
02 Credit Report Fee	to Information Inc.		\$29.80		
03 Flood Determination Fee	to Info Co.	\$20.00			
04 Flood Monitoring Fee	to Info Co.	\$31.75			
05 Tax Monitoring Fee	to Info Co.	\$75.00			
06 Tax Status Research Fee	to Info Co.	\$80.00			
07					
08					
09					

Items disclosed as Services You Can Shop For on the Loan Estimate (1026.37(f)(3)) will move into this category when the consumer chooses a provider on the written list provided by the creditor with the Loan Estimate for that item. (1026.38(f)(2))

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Friend: Thank you, Andy. We're now going to move on to those services the borrower, the consumer, did not shop for pursuant to 1026.38(f)(2). Items that were listed as a service you, the consumer, cannot shop for on the Loan Estimate will appear in this category on the Closing Disclosure. In addition, items that were listed as a service you, the consumer, can shop for on the Loan Estimate will move to this category on the Closing Disclosure if the consumer uses a provider on the creditor's written list. For purposes of this rule, shopping occurs when the consumer chooses a service provider that is not required by the creditor or [is] included on the written list provided by the creditor. See comment 19(e)(3)(iii)-2 and § 1026.38(f)(2). Therefore a service listed as a service you, the consumer, can shop for on the Loan Estimate will be listed as a service the borrower did not shop for on the Closing Disclosure in that instance.

Just to use an example here today on the slide, for example, if the consumer could have shopped for the flood determination fee on the Loan Estimate, but chose a provider that was on the creditor's written list,² and the creditor did not require that service provider, that charge would move to the services borrower did not shop for category on the Closing Disclosure. Also here, I'll just point out as an example. Here the appraisal fee was paid by a third party, such as a real estate agent, so the charge, \$405, is in the Paid by Others column for that particular charge. Moving on to the next slide.

Page 2: Services Borrower Did Shop For 1026.38(f)(3); Guide to Forms Section 3.3.1

C. Services Borrower Did Shop For		\$2,655.50			
01 Pest Inspection Fee	to Pests Co.	\$120.50			
02 Survey Fee	to Surveys Co.	\$85.00			
03 Title - Insurance Binder	to Epsilon Title Co.	\$650.00			
04 Title - Lender's Title Insurance	to Epsilon Title Co.	\$500.00			
05 Title - Settlement Agent Fee	to Epsilon Title Co.	\$500.00			
06 Title - Title Search	to Epsilon Title Co.	\$800.00			
07					
08					

Items disclosed as Services You Can Shop For on the Loan Estimate (1026.37(f)(3)) are shown here when the consumer chooses a provider that was not on the written list provided by the creditor with the Loan Estimate for that item. (1026.37(f)(3))

Friend: Items disclosed as a service you, the consumer, can shop for on the Loan Estimate will stay in the category of services the borrower did shop for on the Closing Disclosure if the consumer does not use a provider on the creditor's written list, or if the provider was not required by the creditor. Again, because shopping occurs only when the consumer did not choose a provider on the written list, only those services provided by third parties not identified by the creditor on the written list will be listed in this category. Again, see Comments 19(e)(3)(iii)-2 and 1026.38(f)(3). Here, as an example, the consumer obtained title services from a third-party that was not on the creditor's written list, and was not required by the creditor to be used by the consumer. Moving on to the next slide.

² The audio recording is unclear but CFPB staff may have stated that, in this example, the consumer "chose a provider that was not on the creditor's written list." However, because that statement would be inconsistent with the placement of the charge under "Services Borrower Did Not Shop For," we have interpreted the recording to omit the "not."

Page 2: Other Costs

1026.38(g); Guide to Forms Section 3.3.2

Other Costs					
E. Taxes and Other Government Fees		\$85.00			
01 Recording Fees	Deed: \$40.00 Mortgage: \$45.00	\$85.00			
02 Transfer Tax	To Any State		\$95.00		
F. Prepays		\$2,120.80			
01 Homeowner's Insurance Premium (12 mo.) to Insurance Co.		\$1,205.96			
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)		\$270.04			
04 Property Taxes (6 mo.) to Any County USA		\$60.80			
05					
G. Initial Escrow Payment at Closing		\$412.25			
01 Homeowner's Insurance \$100.83 per month for 2 mo.		\$201.66			
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$105.30 per month for 2 mo.		\$210.60			
04					
05					
06					
07					
08 Aggregate Adjustment		- 0.01			
H. Other		\$2,400.00			
01 HOA Capital Contribution to HOA Acme Inc.		\$500.00			
02 HOA Processing Fee to HOA Acme Inc.		\$150.00			
03 Home Inspection Fee to Engineers Inc.		\$750.00		\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.				\$450.00	
05 Real Estate Commission to Alpha Real Estate Broker				\$5,700.00	
06 Real Estate Commission to Omega Real Estate Broker				\$5,700.00	
07 Title - Owner's Title Insurance (optional) to Epsilon Title Co.		\$1,000.00			
08					
I. TOTAL OTHER COSTS (Borrower-Paid)		\$5,018.05			
Other Costs Subtotals (E + F + G + H)		\$5,018.05			
J. TOTAL CLOSING COSTS (Borrower-Paid)		\$9,712.10			
Closing Costs Subtotals (D + I)		\$9,687.10	\$20.80	\$12,800.00	\$750.00
Lender Credits					\$405.00



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Friend: Now we will move on to the second half of Page 2 of the Closing Disclosure, which is the Other Costs category. There are four categories within the Other Costs table, there are taxes and government fees, prepays, initial escrow payments, and other. This is disclosed pursuant to § 1026.38(g).

Just to highlight the Other category, with the letter “H” next to it on the slide, Other is the category where much of the third-party items related to the real estate transaction will be disclosed, such as real estate commissions, HOA, homeowner's association or condo transfer, and other fees that are not monthly assessments, home warranties, optional insurance products, such as owner's title insurance policies and other third-party items stipulated in the purchase contract that are not associated with the creditor.

The amount paid for the real estate commission is the total amount of the commission and is not affected by the status of the earnest money deposit that may be held by the real estate broker. I'll also point out at this point that the total closing costs are at the bottom of Page 2. Note that the sum of each column in Page 2 is shown in closing costs subtotals. Also, general lender credits not associated with any particular item are listed at the bottom as a negative number along with a narrative description. If any refund is being provided by the creditor, pursuant to the good faith analysis of charges that we had discussed previously in our August webinar. Lender credits associated with specific closing costs will be disclosed as paid by others and also can have the (L) designation Andy talked about earlier in slides 14 and 15. These total closing costs are disclosed pursuant to 1026.38(h). Moving on to the next slide.

Page 2: Taxes and Other Government Fees

1026.38(g)(1); Guide to Forms Section 3.3.2

E. Taxes and Other Government Fees		\$85.00				
01 Recording Fees	Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax	to Any State			\$950.00		

Recording fees: 1026.38(g)(1)(i)

Transfer taxes: 1026.38(g)(1)(ii)



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Friend: On the next slide we focus in on taxes and other government fees. These are specifically recording fees and transfer taxes and are disclosed pursuant to 1026.38(g)(1) and its subparts. Note that in some states there can be several transfer taxes that will be part of the real estate transactions as well as the loan transaction. The main difference between the Loan Estimate and Closing Disclosure for these items is that the transfer taxes are now itemized on the Closing Disclosure instead of aggregated together as on the Loan Estimate. The itemization is for each tax and each government entity, since multiple taxes may be assessed by each governmental entity. The name of the government entity is also provided on the Closing Disclosure. Next slide, please. Priscilla, we have received a number of questions relating to these specific items.

Page 2: Taxes and Other Government Fees

1026.38(g)(1); Guide to Forms Section 3.3.2

E. Taxes and Other Government Fees			\$85.00			
01 Recording Fees	Deed: \$40.00	Mortgage: \$45.00	\$85.00			
02 Transfer Tax	to Any State				\$950.00	

Q: How does the disclosure of recording fees differ between the Loan Estimate and Closing Disclosure? (compare 1026.37(g)(1)(i) with 1026.38(g)(1)(i))

Q: How should creditors disclose the name of the government entity to whom a transfer tax fund is distributed? (1026.38(g)(1)(ii))



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Walton-Fein: Yes, David, we have received a few questions about the taxes and the other government fees part of the disclosure. So, first we have been asked: How does the disclosure of recording fees differ between the Loan Estimate and the Closing Disclosure?

Friend: Well, the Loan Estimate requires the sum of all recording fees to be disclosed as one item. The provision for that is found at § 1026.37(g)(1)(i). The Closing Disclosure also requires the recording fees to be disclosed as one item, but also requires that the amount paid to record the deed and mortgage be itemized separately. The itemized recording fee for the deed and the mortgage should only include the amounts needed to record each of those documents. Recording fees associated with any other documents, except for the deed and the mortgage, are just included as part of the total recording fees and are not separately itemized. See § 1026.38(g)(1)(i). Please note that the total recording fees are allocated between the consumer, seller and others in the applicable column pursuant to the agreement among those parties.

Walton-Fein: Thanks, David. We've also been asked: How should creditors disclose the name of the government entity to whom a transfer tax is distributed?

Friend: So creditors should disclose the name of the entity assessing the transfer tax, even if that is different from the payee of the check cut by the settlement agent. State and local governments collect transfer taxes in many different ways, and sometimes the checks for the payment of transfer taxes are not made out to the entity actually assessing the transfer tax. However, this fact is irrelevant for purposes of the Closing Disclosure, the governing authority assessing the transfer tax must be disclosed, along with the amount paid by the consumer, the borrower, seller and others. See 1026.38(g)(1)(ii).

Walton-Fein: Thanks, David. So we can now move to the next slide, and if you can walk us through the rest of Page 2 of the Closing Disclosure.

Page 2: Prepays; Initial Escrow Payment at Closing
 1026.38(g)(2) & 1026.38(g)(3); Guide to Forms Section 3.3.2

F. Prepays		\$2,120.80			
01	Homeowner's Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96			
02	Mortgage Insurance Premium (mo.)				
03	Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)	\$279.04			
04	Property Taxes (6 mo.) to Any County USA	\$631.80			
G. Initial Escrow Payment at Closing		\$412.25			
01	Homeowner's Insurance \$160.83 per month for 2 mo.	\$201.66			
02	Mortgage Insurance per month for mo.				
03	Property Taxes \$160.30 per month for 2 mo.	\$210.60			
04					
05					
06					
07					
08	Aggregate Adjustment	- 0.01			

Prepays: 1026.38(g)(2) (cross-reference to 1026.37(g)(2))

Initial Escrow Payment at Closing: 1026.38(g)(3) (cross-reference to 1026.37(g)(3))



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Friend: Thank you, Priscilla. So, there's only two other sections we need to talk about in the Other Costs table. Those are prepaids and initial escrow payment at closing. Both of these sections address services or costs that are due in the future.

Prepays are for services or costs due for future periods that are due before the first scheduled monthly mortgage payment. On the slide we have several examples of the prepaids. For example, this shows that twelve months of the homeowner's insurance premium for the following twelve months must be collected and paid by the consumer at closing. It also shows per diem interest from April 15th to May 1st, and it also shows six months of property taxes that are due, that are going to be paid at closing for six future months.

The initial escrow payment at closing is a breakdown of the initial escrow payment determined under Regulation X, specifically 12 C.F.R. § 1024.17. This information is consistent with the current HUD-1 1000 Series, including the aggregate adjustment on the last line of the category. We can move on to the next slide. Priscilla, can you give an overview of Page 3 of the Closing Disclosure?

Closing Disclosure Form, Page 3
1026.38(e), (i)-(k); Guide to Forms Section 3.4

[illegible]

- Cash to Close compared with information found on Page 2 of the Loan Estimate
- [Sample forms](#) available on regulatory implementation website
- Regulatory provisions: 1026.38(e), (i)-(k)



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Walton-Fein: Sure. Thanks David. So Page 3 of the Closing Disclosure contains a Calculating Cash to Close table, which is compared with information on Page 2 of the Loan Estimate, and a Summary of Transactions table that closely resembles the current HUD-1. And please note that there are different rules for transactions with no seller. The regulatory citations for the information on Page 3 of the Closing Disclosure [are] §§ 1026.38(i)-(k). We are going to discuss each of these regulatory provisions, but please note that you can find more information about disclosures on Page 3 of the Closing Disclosure, in Section 3.4 of the Guide to Forms. So, now we can move to the next slide, and David will take us through the Calculating Cash to Close table.

Page 3: Calculating Cash to Close 1026.38(i); Guide to Forms Section 3.4.1

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	– \$29.80	YES • You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	– \$10,000.00	– \$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	– \$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	– \$1,035.04	YES • See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

The amounts that were disclosed on the Loan Estimate are disclosed in the first column. (1026.38(i))



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Friend: Thank you, Priscilla. The first table on Page 3 of the Closing Disclosure is a Calculating Cash to Close table. This is disclosed pursuant to 1026.38(i). Amounts from the Loan Estimate, the calculating Cash to Close table on the Loan Estimate, are disclosed in the first column to the right of the table's label, with the Loan Estimate heading. The amounts under the heading Final are taken directly from other portions of the Closing Disclosure, or are calculated off sheet based on the actual amounts at consummation. The last column shows if the amounts at consummation changed from the amounts on the Loan Estimate. If the amounts are different, the answer yes is disclosed, together with a narrative description that must state why the amount changed. If the amounts are the same, the answer is no, and nothing else is stated.

Here we have an example of the Calculating Cash to Close table from the Closing Disclosure. If you look at the total closing costs line, you see the Loan Estimate showing \$8,054 and the final amount for total closing costs showing \$9,712.10. In the Did This Change column, the answer is Yes, these amounts changed, and it directs the consumer to see the total loan costs and total other costs from Page 2 to determine what changed in the transaction to increase the costs. There is a shorter version of the table that reduces the number of lines which can be used when the Loan Estimate was provided with the alternative Calculating Cash to Close table. See § 1026.38(e) for the contents of the alternative Cash to Close table. We now move on to the next slide.

Page 3: Summaries of Transactions 1026.38(j)-(k); Guide to Forms Section 3.4.3

Borrower's Transaction		Seller's Transaction	
Use this table to see a summary of your transaction.		Use this table to see a summary of your transaction.	
Borrower's Transaction		Seller's Transaction	
I. Due from Borrower at Closing		M. Due to Seller at Closing	
(1) Sale Price of Property	\$180,000.00	(1) Sale Price of Property	\$180,000.00
(2) Sale Price of Any Personal Property Included in Sale		(2) Sale Price of Any Personal Property Included in Sale	
(3) Closing Costs Paid at Closing (3)	\$9,000.00	(3) Closing Costs Paid at Closing (3)	
Adjustments		Adjustments	
(4) City/Town Taxes	to	(4) City/Town Taxes	to
(5) County Taxes	to	(5) County Taxes	to
(6) Assessments	to	(6) Assessments	to
(7) HOA Dues 4/15/13 to 4/30/13	\$90.00	(7) HOA Dues 4/15/13 to 4/30/13	\$90.00
(8) Other Credits		(8) Other Credits	
(9) Refund from Epsilon Title Co.	\$750.00	(9) Refund from Epsilon Title Co.	
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
(10) City/Town Taxes 1/1/13 to 4/14/13	\$365.04	(10) City/Town Taxes 1/1/13 to 4/14/13	\$365.04
(11) County Taxes	to	(11) County Taxes	to
(12) Assessments	to	(12) Assessments	to
Calculation		Calculation	
Total Due from Borrower at Closing (9)	\$189,750.00	Total Due from Seller at Closing (9)	\$189,750.00
Total Paid Already by or on Behalf of Borrower at Closing (3)	-\$12,000.00	Total Paid Already by or on Behalf of Seller at Closing (3)	-\$12,000.00
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$14,750.00	Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	\$64,414.96

- Similar to HUD-1 page 1



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Friend: And these are the remaining tables on Page 3 of the Closing Disclosure, these are the Summaries of Transactions. They are disclosed pursuant to §§ 1026.38(j) and (k). These two tables relate to the real estate purchase transaction between the consumer and the seller. These two tables are very similar to the existing HUD-1, Page 1, but there are some changes to what and how the amounts are disclosed. The seller's transaction table can be omitted from the Closing Disclosure provided to the consumer, and the borrower's transaction table can be omitted from the Closing Disclosure provided to the seller. The regulatory provision for that is § 1026.38(t)(5). In this event, please note that the Closing Disclosure given to the seller must also be provided to the creditor by the settlement agent, in accordance with § 1026.19(f)(4)(iv). Both tables can be deleted when there is a transaction without a seller. Instead of the Summaries [of] Transactions tables, they're then replaced with a pay off and payments table when the Loan Estimate was provided with the alternative Cash to Close table, pursuant to § 1026.38(e).

For the borrower's transaction, it is almost the same as the current HUD-1, Page 1. Please note that lender credits will not appear in the borrower's transaction table. All lender credits will either show as individual settlement services paid by others, or as a generalized lender credit at the bottom of Page 2. The provisions of the borrower's transaction table are found at § 1026.38(j).

The seller's transaction, pursuant to § 1026.38(k) is almost the same as the current HUD-1 Page 1 as well. However, please note that the calculation of the excess deposit is different. Only amounts disbursed to the seller prior to consummation are disclosed as excess deposits. Any deposits held by the real estate brokerage is not included in this calculation at all. If the real estate agent is holding monies in excess of their commission, and then the settlement agent, in excess of their commission, then the settlement agent and the real estate brokerage will need to work together to ensure that the seller receives the total amount due to the seller. If we can move to the next side, please. Priscilla will discuss Page 4 of the Closing Disclosure.

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Section 3.5 in the Guide to Forms. But before we move on to Page 5, let's move on to the next slide to discuss the partial payments disclosure in more detail.

Page 4: Loan Disclosures – Partial Payments 1026.38(l)(1)-(6); Guide to Forms Section 3.5.1

Loan Disclosures

Assumption
If you sell or transfer this property to another person, your lender
☐ will allow, under certain conditions, this person to assume this loan on the original terms.
☒ will not allow assumption of this loan on the original terms.

Demand Feature
Your loan
☐ has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
☒ does not have a demand feature.

Late Payment
If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

Negative Amortization (Increase in Loan Amount)
Under your loan terms, you
☐ are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
☐ may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
☒ do not have a negative amortization feature.

Partial Payments
Your lender
☒ may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
☐ may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
☐ does not accept any partial payments.
 If this loan is sold, your new lender may have a different policy.

Security Interest
You are granting a security interest in
 456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

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Walton-Fein: As I mentioned previously, Page 4 of the Closing Disclosure must contain the lender's policy in relation to partial payments by the consumer. You can see from looking at the sample form on the slide that the form employs three check boxes to make disclosures of the lender's partial payment policy, this is required by § 1026.38(l)(5). Specifically § 1026.38(l)(5) requires the following disclosure of the lender's partial payment policy:

- If periodic payment less than the full amount due are accepted, the lender must disclose a statement that it may accept partial payment and apply such payment to the consumer's loan.
- If periodic payments less than the full amount due are accepted but not applied to the consumer's loan until the consumer pays the remainder of the full amount due, the lender must disclose a statement that it may hold partial payments in a separate account until the consumer pays the remainder of the payment and then applies the full payment to the consumer's loan.
- If periodic payments less than the full amount due are not accepted, the lender must disclose a statement that it does not accept partial payments; and
- Finally the lender must also disclose a statement that if the loan is sold, the new lender may have a different policy.

And Andy, I think we have a question on this part of the disclosure.

Arculin: We do have a question. The question is: How a lender applies a partial payment may vary depending on circumstances. Is a lender required to choose only one option for the partial payments disclosure, in other words, check only one box, or is it possible to check multiple boxes.

Walton-Fein: The lender may check multiple boxes for the partial payments disclosure in some circumstances. So as I mentioned, the checked boxes allow the lender to disclose whether it accepts partial payments and applies them, accepts partial payments and holds them in a separate account, or does not accept partial payments. A lender should check the first box indicating that partial payments are accepted and applied, and also check the second box, indicating that partial payments are accepted and held in a separate account. If the lender accepts partial payments and applies them to the loan balance, in some circumstances that may be applicable to the consumer's loan, and accepts partial payments and holds them in a separate account until the consumer makes the rest of the payment. Note however, that a lender should not check the third box and disclose that it does not accept partial payments, if it accepts partial payments under any circumstance that may be applicable to the consumer's loan. So, in other words, if the lender checks the third box under the partial payment disclosure indicating that it does not accept partial payment in any circumstance, the lender should not also check either of the first or second box under the partial payments disclosure.

Arculin: Thanks, Priscilla. We can move on to the next slide and David can take us through Page 5.

Closing Disclosure Form, Page 5 1026.38(o)-(s); Guide to Forms Section 3.6

The image shows a sample Closing Disclosure Form, Page 5, which includes sections for Loan Calculations, Other Disclosures, and Contact Information. The form is titled "Closing Disclosure Form, Page 5" and "1026.38(o)-(s); Guide to Forms Section 3.6". It contains various fields for loan details, including the loan amount, interest rate, and total interest percentage. It also includes a section for "Other Disclosures" with checkboxes for "Prepaid" and "Escrow". The "Contact Information" section lists the lender, mortgage broker, real estate broker, and settlement agent, along with their respective addresses and contact details. The form is signed by the consumer and the lender, and includes a "Confirm Receipt" section.

- [Sample forms](#) available on regulatory implementation web site
- Regulatory provisions: 1026.38(o)-(s)

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Friend: Thank you, Andy. This brings us to Page 5. This is the last page of the Closing Disclosure. The regulatory provisions that are satisfied by these disclosures are found in § 1026.38(o)-(s). The contents of this page are loan calculations, other disclosures, contact information, and optional confirm receipt.

Loan calculations are roughly the amounts disclosed currently on the Truth in Lending statement in the Fed Box, plus the new Total Interest Percentage, or TIP, added by congress in the Dodd-Frank Act. Other disclosures contain other information related to the credit transaction required by a few other federal laws. Contact information provides for the future reference of the consumer and the seller, contact information of several parties associated with the transaction, namely the lender or creditor, mortgage broker, real estate brokerages, and the settlement agent. Lastly, confirm receipt is an optional

item to show the consumer's signature if the creditor wishes to have proof that the Closing Disclosure was provided to the consumer. Now we'll move to the next slide.

Now to Andy who will talk specifically about the other disclosures.

Page 5: Other Disclosures – Liability After Foreclosure 1026.38(p); Guide to Forms Section 3.6.2

The creditor must disclose a statement of whether the consumer may remain responsible for any deficiency after foreclosure under applicable state law. (1026.38(p)(3)). See also comment 38(p)(3)-1

Other Disclosures

Appraisal
If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details
See your note and security instrument for information about:
• what happens if you fail to make your payments,
• what is a default on the loan,
• situations in which your lender can require early repayment of the loan, and
• the rules for making payments before they are due.

Liability after Foreclosure
If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,
☒ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
☐ state law does not protect you from liability for the unpaid balance.

Refinance
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.

Tax Deductions
If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.



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Arculin: Thanks, David. Section 1026.38(p), which is called out at the top of the slide, implements various statutory provisions requiring creditors to disclose information regarding appraisals, contract details, liability after foreclosure, refinancing and tax deductions. Aside from liability after foreclosure, these provisions basically require disclosures of specific language that's spelled out in § 1026.38(p). We won't spend time going through those today, but we will spend some time on liability after foreclosure. For that provision, § 1026.38(p)(3) requires the creditor to disclose the statement of whether, and the conditions under which the consumer may be responsible for any deficiency after foreclosure under applicable state law. The provision also requires a brief statement that certain protections may be lost if the consumer refinances or incurs additional debt on the property, and the statement that the consumer should consult an attorney for additional information. The form carries out this provision by requiring creditors to state, "If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan," then the creditor checks one of two boxes:

- The first says state law may protect you, the consumer, from liability for the unpaid balance, and provide some additional language informing the consumer that protections may be lost if the consumer refinances or takes on additional debt, and a statement advising the consumer to consult a lawyer for more information; or
- A statement that state law does not protect you, the consumer, from liability for the unpaid balance.

There are a few things that I would note about this disclosure. First, it's limited to protections under applicable state law, the creditor must notify consumers that protections under state law may apply, that does not mean federal law, such as availability of bankruptcy. This is limited to state law.

The preamble to the final rule also provides some guidance on the nature of this disclosure, and acknowledges the variations may exist regarding state law and any deficiency protections. The preamble described in § 1026.38(p)(3) disclosure as, quote "generalized," and also "high level disclosures" and states that the Bureau does not believe that the high level disclosure required by § 1026.38(p)(3) constitutes the practice of law. The preamble explains that creditors are not required to provide legal advice to consumers as to the reach of state anti-deficiency protections, but rather are required to alert consumers in states where any deficiency laws may apply for the need to consult a lawyer for more specific information about those state anti-deficiency protections. For your reference, this language may be found in the final rule and the cite would be 79 F.R. 80,046-47—apologies for not including that on the slide, 80,046-47 for your reference.

In other words, the preamble makes clear that creditors must provide a high level disclosure of whether state laws may protect the consumer, or alternatively, it does not. It does not require creditors to state affirmatively that state law does protect the consumer or, if so, explain how. And I do believe we have some questions about disclosure that Priscilla can ask.

Walton-Fein: Thanks, Andy. We have received several questions about the liability after foreclosure disclosure. First we have been asked: What constitutes an anti-deficiency law for purposes of this disclosure?

Arculin: For purposes of this disclosure, an anti-deficiency law is a state law that protects the consumer against liability for the unpaid balance of the loan after a foreclosure. This includes, for example, state laws that forbid creditors from seeking deficiency judgments, state laws that may limit the amount a creditor may collect or limit the availability of deficiency judgments to certain circumstances, as well as other state law protections available to consumers against liability for the unpaid balance.

Walton-Fein: Can we advance the slide, please?

Page 5: Liability After Foreclosure (Anti-Deficiency Notice)
1026.38(p)(3); Guide to Forms Section 3.6.2

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- ☒ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- ☐ state law does not protect you from liability for the unpaid balance.

- **Q:** What constitutes an anti-deficiency law for purposes of this disclosure?
- **Q:** Do statutes of limitations on obtaining or collecting a deficiency judgment count as anti-deficiency protections for purposes of this disclosure?
- **Q:** Are state laws that limit how much a creditor may collect in an anti-deficiency judgment considered anti-deficiency protections for purposes of this disclosure?
- **Q:** How should a creditor make this disclosure if a state anti-deficiency law could apply to the loan, but whether it ultimately would apply depends on facts and circumstances at the time of foreclosure?



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Walton-Fein: Thank you. Another question that we have been asked: Do statutes of limitations on obtaining or collecting a deficiency judgment count as anti-deficiency protections for purposes of this disclosure?

Arculin: No, they do not. Comment 38(p)(3)-1, which was shown on the previous slide makes clear that a statute of limitations that only limits the timeframe in which a creditor may seek redress is not considered an anti-deficiency protection for purposes of this disclosure. Therefore, state laws that allow for deficiency judgments but require creditors to file a motion or otherwise seek a deficiency judgment within a prescribed time would not be considered anti-deficiency protection for purposes of this disclosure solely because of the time limitation on obtaining or collecting a deficiency judgment. I would note though that if these statutes otherwise provide protections to consumers for liability from the unpaid balance, those provisions must be separately analyzed in order to determine if they are an anti-deficiency protection for purposes of this disclosure.

Walton-Fein: Thanks, Andy. And, we've also been asked whether state laws that limit how much a creditor may collect in an anti-deficiency judgment are considered anti-deficiency protections for purposes of this disclosure?

Arculin: Generally the answer to that question is going to be yes. State laws that limit the amount of deficiency that a creditor may collect in an anti-deficiency judgment are considered anti-deficiency laws for purposes of this disclosure. These state law anti-deficiency protections may limit the amount of the deficiency that a creditor may collect, based on factors such as, for example, the difference between the outstanding debt and the fair market value of the property at the time of the foreclosure.

Walton-Fein: And finally, we've been asked how a creditor should make this disclosure if a state anti-deficiency law could apply to the loan, but whether it ultimately would apply depends on the facts and circumstances at the time of the foreclosure?

Arculin: Generally, if the state anti-deficiency laws could apply at the time of a foreclosure, but whether or not it will apply is unknown, the creditor should disclose that as an anti-deficiency protection that may apply. The rule does not require creditors to predict future facts and circumstances, and whether an anti-deficiency law ultimately applies to a loan may indeed depend on facts and circumstances that would not be known until there is a foreclosure.

Walton-Fein: Thanks, Andy.

Arculin: This may include facts such as the fair market value or appraised value at the time of foreclosure, or whether the property is owner occupied at the time of the foreclosure. Section 1026.38(p)(3) requires a disclosure to the consumer that a state anti-deficiency law may apply to the loan, that is, whether it could apply at some future date. If it could, then the first box on the form should be checked with the caveat that the consumer should consult an attorney for more information.

Closing Disclosure Form: General Questions

- **Q:** What should creditors do if the information required to be disclosed doesn't fit in the space allotted on the form?
- **Q:** Is there a model or sample of an addendum?
- **Q:** Is there anything creditors are required to include on the addendum? (1026.17(a)(1))
- **Q:** What are the formatting requirements for the addendum? (Comment 38(t)(5)-5)



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Walton-Fein: Okay, great. Thank you. For now, let's move to the last slide and we are going to cover some questions that we've received about the Closing Disclosure generally. So first we've been asked: What should creditors do if the information required to be disclosed doesn't fit in the space allotted on the form?

Friend: Well, in several places the information required to be included on the Closing Disclosure may not fit into the allotted space on the form. When this occurs, for those specific items, the additional information that does not fit may be disclosed on a separate page with the Closing Disclosure. This is not a general rule. You must look to each [sub]section in § 1026.38 to see when the rule requires the information to be provided on the additional page. Additionally, there is a provision for customary recitals and information used locally in real estate settlements. See § 1026.38(t)(5)(ix). The commentaries to this provision list several examples of this type of information, for example, one of which is a breakdown of a

loan payoff amount into components of principal, interest, and other fees. See comment 38(t)(5)(ix)-1 for more examples.

Walton-Fein: Thanks, David. And we've also been asked: Is there a model or a sample of that addendum you just described?

Friend: No, there are no required forms for an addendum. Since there are many possible combinations of additional information, if not thousands on a Closing Disclosure, there is no sample or model that has been provided in this rule or in other documents.

Walton-Fein: Okay. We have also been asked: Is there anything creditors are required to include on the addendum?

Friend: So, what information is included on the addendum will depend on what the requirements are for the original disclosure of the information. For example, if you are using an additional page to list several other sellers that could not fit onto the first page of the Closing Disclosure, see comment 38(a)(4)-1, the name and address of the sellers that would not fit would be included on the additional page with the label, "Sellers." The creditor may want to include information or statements to indicate that the additional pages relate to the Closing Disclosure so that the additional pages are clear and conspicuous to the consumer pursuant to § 1026.17(a)(1).

Walton-Fein: Okay, and finally we've been asked: What are the formatting requirements for the addendum?

Friend: Generally, information that is required or permitted to be disclosed on a separate page with the Closing Disclosure should be formatted similarly to the Closing Disclosure itself. The additional information should be consolidated on as few pages as is necessary, so as to minimize the number of additional pages the borrower receives. The additional pages should not affect the substance, clarity, or meaningful sequence of the Closing Disclosure. See Comment 38(t)(5)-5.

Arculin: All right. I think that brings us to the end of the presentation. Thanks everyone for tuning in and thanks again to the Federal Reserve System for hosting. I'll turn things back over to Laurie and again encourage everyone to submit comments and feedback as well as ask any questions that you have about our presentation today, that will be relayed to us as well. Thanks again, everyone. I will turn things back over to Laurie.

Lavaroni: Thank you, Andy. I wanted to thank our presenters at the Consumer Financial Protection Bureau Andy, Priscilla and David for their time and their remarks. I'd like to especially thank all of you who participated in today's call. We went a little bit longer than anticipated, but I hope you found this presentation useful. As you exit, please be sure to complete the evaluation form that will pop up automatically when you exit the event player. Your feedback is extremely important to us as we continue these and other efforts to maintain a dialog with the industry. Thanks again for joining us and we look forward to welcoming you back to another Outlook Live webinar on Thursday, December 4th, entitled Consumer Compliance Hot Topics 2014, Year-End Review. Thank you very much and have a great afternoon.

Unidentified Male: Thank you. This does conclude today's teleconference. We thank you for your participation, you may disconnect your lines at this time and have a great day.