CAPSTONE INSTITUTE
OF MORTGAGE FINANCE

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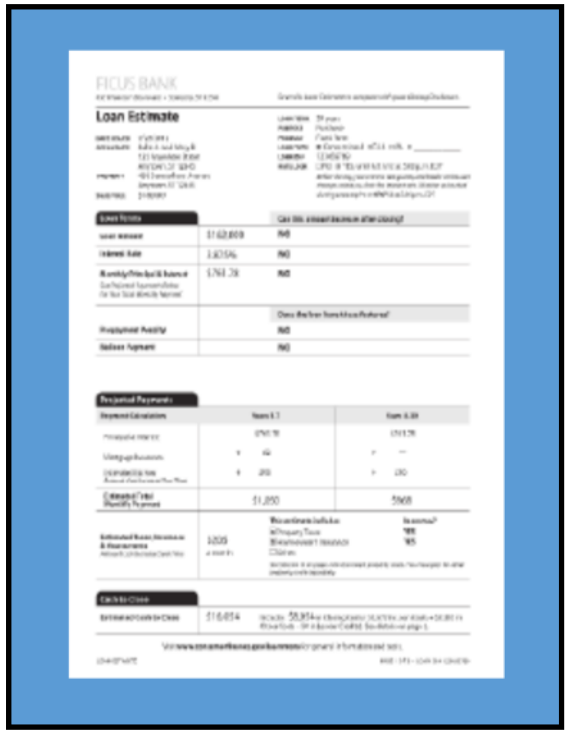
How To Complete The

Fees Worksheet & Loan Estimate


FEES WORKSHEET


FICUS BANK

Loan Estimate

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HOW TO COMPLETE THE FEES WORKSHEET AND THE LOAN ESTIMATE

Effective on or after October 4, 2015, the new **Integrated Mortgage Disclosures** went into effect. The two disclosures currently in use, the Good Faith Estimate and Truth-in-Lending Disclosure, have been combined into a new form, the **Loan Estimate**. This form must be provided to consumers no later than ***3 business days*** after they submit a loan application and ***7 business days*** before consummation. (§1026.19(e)(1)(iii))

Also, the HUD-1 Settlement Statement and final Truth-in-Lending Disclosure have been combined into another new form, the **Closing Disclosure**. This form must be provided to consumers at least ***three business days*** before consummation of the loan.

The final rule applies to most closed-end consumer mortgages, but does not apply to

- HELOCs,
- reverse mortgages, or
- mortgages secured by a mobile home or by a dwelling that is not attached to real property.
- Also, the final rule does not apply to loans made by persons who are not considered creditors because they make five or fewer mortgages in a year. (§1026.19(e) and (f))

Creditors originating these types of mortgages will continue to use the current GFE, TIL and HUD-1 Settlement statement.

Certain types of loans that are currently subject to TILA but not RESPA are subject to the TILA-RESPA rule's integrated disclosure requirements, including:

- Construction-only loans
- Loans secured by vacant land or by 25 or more acres
- Certain "down payment assistance" loans
- Credit extended to certain trusts for tax or estate planning purposes also are covered by the TILA-RESPA rule.

The record retention requirements for these documents are:

- ***3 years after consummation*** of the transaction for the **Loan Estimate** and
- ***five years after consummation*** for the **Closing Disclosure**.
- The creditor or servicer must retain the **Post-Consummation Escrow Cancellation Notice (Escrow Closing Notice)** and the **Post-Consummation Partial Payment Policy** disclosure for ***two years***. (§1026.25)

Let's begin with a review of the Loan Estimate Disclosure.

LOAN ESTIMATE DISCLOSURE

The Loan Estimate must be either delivered or placed in the mail no later than 3 business days (a business day for the Loan Estimate includes any day that the business is typically open) after receiving the consumer's loan application. An application consists of the submission of the following six pieces of information:

- The consumer's name
- The consumer's income
- The consumer's social security number to obtain a credit report
- The property address
- An estimate of the value of the property, and
- The mortgage loan amount sought

The creditor can request any additional information they deem necessary to make an extension of credit.

An application may be in either written or electronic format, and includes a written record of an oral application.

If the creditor determines within the 3 business day period that the application cannot be approved on the terms requested by the consumer, or if the consumer withdraws the application within 3 business days, the creditor does not have to provide the Loan Estimate.

However, if the creditor does not provide the Loan Estimate, it will not have complied with the Loan Estimate requirements under Reg. Z if it later consummates the transaction on the terms originally applied for by the consumer.

If the consumer amends the application to become eligible for the creditor to extend credit, then the creditor is required to comply with the Loan Estimate requirements, i.e., providing it within 3 business days of receiving the amended or resubmitted loan application.

Whenever possible, the creditor should act in good faith when calculating the various costs of the transaction. However, there may be some information that is unknown at the time of the application. In these instances, the creditor should use estimates knowing that more precise information will be available by the point of closing/consummation. In this instance, new disclosures may be required under §1026.17(c) or §1026.19.

GOOD FAITH TOLERANCE REQUIREMENTS

When calculating the figures on the Loan Estimate, they should be made in good faith. Whether or not a Loan Estimate was made in good faith is determined by calculating the difference between the estimated charges originally provided in the Loan Estimate and the actual charged paid in the Closing Disclosure.

Generally, if the charge paid by the consumer exceeds the original amount disclosed on the loan Estimate, it is not in good faith, regardless of whether the creditor later discovers a technical error, miscalculation, or underestimation of a charge.

However, a Loan Estimate is considered to be in good faith if the creditor charges the consumer less than the amount disclosed on the Loan Estimate, without regard to any tolerance limitations.

A creditor may charge the consumer more than the amount disclosed on the Loan Estimate under the following circumstances:

- Certain variations between the amount disclosed and the amount charged are expressly permitted by the TILA-RESPA rule (§1026.19(e)(3)(iii));

- The amount charged falls within explicit tolerance thresholds (and the estimate is not for a zero tolerance charge where variations are never permitted) (§1026.19(e)(3)(ii)); or

- Changed circumstances permit a revised Loan Estimate or a Closing Disclosure that permits the charge to be changed. (§1026.19(e)(3)(iv)).

Creditors are permitted to charge consumers more than the amount originally quoted on the Loan Estimate without any tolerance limitation. These charges include:

- Prepaid interest; property insurance premiums; amounts placed into an escrow, impound, reserve or similar account. (§1026.19(e)(3)(iii)(A)-©);

- For services required by the creditor if the creditor permits the consumer to shop and the consumer selects a third-party service provider not on the creditor's written list of service providers. (§1026.19(e)(3)(iii)(D))

- Charges paid to third-party service providers for services not required by the creditor (may be paid to affiliates of the creditor). (§1026.19(e)(3)(iii)(E))

However, creditors may only charge consumers m ore than the amount disclosed when the original estimated charge, or lack of an estimated charge for a particular service, was based on the best information reasonably available to the creditor at the time the disclosure was provided. (§1026.19(e)(3)(iii))

SERVICES THAT THE CONSUMER MAY SHOP FOR

The creditor must provide the consumer with a written list of services for which the consumer can shop, separate from the Loan Estimate. This written list of service providers must be provided within the 3 business day period as well, and the list must:

- Identify at least one available settlement service provider for each service; and
- State that the consumer may choose a different provider of that service. (§1026.19(e)(3)(ii)(C) and (e)(l)(vi)(C))

The settlement service providers identified on the written list must correspond to the settlement services for which the consumer can shop as disclosed on the Loan Estimate. The creditor may also identify on the written list of providers those services for which the consumer is ***not*** permitted to shop, as long as those services are clearly and conspicuously distinguished from those services for which the consumer ***is*** permitted to shop.

CHARGES SUBJECT TO A 10% CUMULATIVE TOLERANCE

Charges for third-party services and recording fees paid by or imposed on the consumer are grouped together and subject to a 10% cumulative tolerance. This means that the creditor may charge the consumer more than the amount disclosed on the Loan Estimate for any of these charges so long as the total sum of the charges added together does not exceed the sum of all such charges disclosed on the Loan Estimate by more than 10%. (§1026.19(e)(3)(ii))

These charges include:

- Recording fees

- Charges for third-party services where:
    - The charge is not paid to the creditor or the creditor's affiliate; and
    - The consumer is permitted by the creditor to **shop** for the third-party service, and the consumer selects a third-party service provider on the creditor's written list of service providers.

When a consumer chooses a service provider that is not on the creditor's written list of providers, then the creditor is not limited in the amount that may be charged for the service. (§1026.19(e)(3)(iii)). When this occurs for a service that otherwise would be included in the 10% cumulative tolerance category, the charge is not included in determining the 10% tolerance level.

If the creditor permits the consumer to shop for a required settlement service, but the consumer either does not select a settlement service provider or chooses a settlement service provider identified by the creditor on the written list of providers, then the amount charged ***is included*** in the sum of all such third-party charges paid by the consumer, and also is subject to the 10% cumulative tolerance.

The creditor should compare the sum of the charges actually paid by or imposed on the consumer with the sum of the estimated charges on the Loan Estimate that are actually performed. If a service is not performed, the estimate for that charge should be removed from the total amount of estimated charges. (Comment 19(e)(3)(ii)-5)

A creditor may charge more than 10% in excess of an individual estimated charge so long as the sum of ***all charges*** is still within the 10% cumulative tolerance.

A creditor may charge a consumer for a fee that would fall under the 10% cumulative tolerance but was not included on the Loan Estimate so long as the sum of all charges paid does not exceed the 10% cumulative tolerance.

CHARGES SUBJECT TO ZERO TOLERANCE

Charges subject to zero tolerance include:

- Fees paid to the creditor, mortgage broker, or an affiliate of either (§1026.19(e)(3)(ii)(B))**;**

- Fees paid to an unaffiliated third party if the creditor did not permit the consumer to shop for a third party service provider for a settlement service (§1026.19(e)(3)(ii)©); or

- Transfer taxes. (Comments 19(e)(3)(i)-1 and -4)

A charge is paid to the creditor, mortgage broker, or an affiliate of either if it is retained by that person or entity. A charge is not paid to one of these entities when it receives money but passes it on to an unaffiliated third party.

The term affiliate is given the same meaning it has for purposes of determining Ability-to-Repay and HOEPA coverage; any company that controls, is controlled by, or is under common control with another company, as set forth in the Bank Holding Company Act of 1956.

If the amounts paid by the consumer at closing exceed the amounts disclosed on the Loan Estimate beyond the applicable tolerance threshold, the creditor must refund the excess to the consumer no ***later than 60 calendar days after consummation.***

- For charges subject to ***zero tolerance***, any amount charged beyond the amount disclosed on the Loan Estimate must be refunded to the consumer. (§1026.19(e)(3)(I))

- For charges subject to a ***10% cumulative tolerance***, to the extent the total sum of the charges added together exceeds the sum of all such charges disclosed on the Loan Estimate by more than 105, the difference must be refunded to the consumer. (§1026.19(e)(3)(ii))

CHANGED CIRCUMSTANCES THAT ARE PERMITTED

Changed circumstances that occur after the Loan Estimate is provided to the consumer cause estimated settlement charges to increase more than the allowed tolerances discussed earlier. When this happens, the revised Loan Estimate may only reflect increased charges to the extent actually justified by the reason for the revision.

A ***changed circumstance*** is identified as:

- An extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction (§1026.19(e)(3)(iv((A)(1))***;***

- Information specific to the consumer or transaction that the creditor relied upon when providing the Loan Estimate and that was inaccurate or changed after the disclosures were provided (§1026.19(e)(3)(iv)(A)(2)); or

- New information specific to the consumer or transaction that the creditor did not rely on when providing the Loan Estimate (§1026.19(e)(3)(iv)(A)(3)).

A creditor may provide a revised Loan Estimate re-disclosing a settlement charge if changed circumstances cause the estimated charge to increase or, in the case of charges subject to the 10% cumulative tolerance, cause the sum of these charges to increase by more than the 10% tolerance.

Examples of changed circumstances affecting settlement costs include (Comment 19(e)(3)(iv)(A)-2):

- A natural disaster, such as a hurricane or earthquake, damages the property or otherwise results in additional closing costs;

- The creditor provided an estimate of title insurance on the Loan Estimate, but the title insurer goes out of business during underwriting;

- New information not relied upon when providing the Loan Estimate is discovered, such as a neighbor of the seller filing a claim contesting the boundary of the property to be sold.

NOTE: Creditors are not required to collect all six pieces of information identified earlier constituting the consumer's application prior to issuing the Loan Estimate. However, creditors are presumed to have collected this information prior to providing the Loan Estimate and may not later collect it and claim a changed circumstance.

For example, if a creditor provides a Loan Estimate prior to receiving the property address from the consumer, the creditor cannot subsequently claim that the receipt of the property address is a changed circumstance. (Comment 19(e)(3)(iv(A)-3)

It is possible that one of the events described above may cause one or more third-party charges subject to a 10% cumulative tolerance to increase. Creditors are permitted to provide and rely upon a revised Loan Estimate only when the cumulative effect of the changed circumstance results in an increase to the sum of all costs subject to the tolerance by more than 10%. (Comment 19(e)(3)(iv(A)-1.ii)

CHANGED CIRCUMSTANCES THAT AFFECT ELIGIBILITY

A creditor may also provide and use a revised Loan Estimate if a changed circumstance affected the consumer's creditworthiness or the value of the security for the loan, and resulted in the consumer being ineligible for an estimated loan term previously disclosed. (§1026.19(e)(3)(iv)(B) and Comment 19 (e)(3)(iv)(B)-1).

This may occur when a changed circumstance causes a change in the consumer's eligibility for specific loan terms disclosed on the Loan Estimate, which in turn results in increased cost for a settlement service beyond the applicable tolerance threshold. Comment 19 (e)(3)(iv)(A)-2)

For example:

- The creditor relied on the consumer's representation to the creditor of a $90,000 annual income, but underwriting determines that the consumer's annual income is only $80,000.

- there are two co-applicants applying for a mortgage loan and the creditor relied on a combined income when providing the Loan Estimate, but one applicant subsequently becomes unemployed.

When the Consumer Requests Revisions: A creditor may use a revised estimate of a charge if the consumer requests revisions to the credit terms or settlement that affect items disclosed on the Loan Estimate and cause an estimated charge to increase. (§1026.19(e)(3)(iv)(C) and Comment 19 (e)(3)(iv)(C)-1).

Remember, providing a revised Loan Estimate allows creditors to compare the updated figures for charges that have increased due to an event that allows for re-disclosure to the amount actually charged for those services. If amounts decrease or increase only to an extent that does not exceed the applicable tolerance, the original Loan Estimate is still deemed to be in good faith and re-disclosure is not permitted. (§1026.19(e)(4)(i))

When the Rate is Locked After the Initial Loan Estimate: If the interest rate for the loan was not locked when the Loan Estimate was provided and, upon being locked at some later date, points or lender credits for the mortgage loan change, the creditor is required to provide a revised Loan Estimate on the date the interest rate is locked, and may use the revised Loan Estimate to compare to points and lender credits charged.

The revised Loan Estimate must reflect the revised interest rate as well as any revisions to the points disclosed on the Loan Estimate pursuant to (§1026.37(f)(1), lender credits, and any other interest rate dependent charges and terms that have changed due to the new interest rate. (§1026.19(e)(3)(iv)(D) and Comment 19 (e)(3)(iv)(D)-1).

When the Initial Loan Estimate Expires: If the consumer indicates an intent to proceed with the transaction ***more than 10 business days*** after the Loan Estimate was delivered or placed in the mail to the consumer, a creditor may use a revised Loan Estimate. (§1026.19(e)(3)(iv)(E) and Comment 19 (e)(3)(iv)(E)-1). No justification is required for the change to the original estimate of a charge other than the lapse of 10 business days.

Other Circumstances Requiring a Revised Loan Estimate: Creditors may use a revised Loan Estimate where the transaction involves financing of new construction and the creditor reasonably expects that settlement will occur more than 60 calendar days after the original Loan Estimate has been provided. (§1026.19(e)(3)(iv)(F).

Creditors may use revised Loan Estimates in this circumstance only when the original Loan Estimate clearly and conspicuously stated that at any time prior to 60 days before consummation the creditor may issue revised disclosures. (Comment 19(e)(3)(iv)(F)-1).

TIMING FOR REVISIONS TO THE LOAN ESTIMATE

The creditor must deliver or place in the mail to the consumer the revised Loan Estimate ***no later than 3 business days*** after receiving the information sufficient to establish that one of the reasons for the revision described earlier has occurred. (§1026.19(e)(4)(i)) and Comment 19 (e)(4)(i)-1).

The creditor is required to deliver or place in the mail the Loan Estimate ***no later than 7 business days*** before consummation of the transaction. (§1026.19(e)(1)(iii)(B))

This requirement imposes a ***seven-business-day waiting period***, meaning that the loan may not be consummated less than 7 business days after the revised Loan Estimate is provided. If a settlement is scheduled during the waiting period, the creditor may not use the revised Loan Estimate unless settlement is postponed.

The seven-business-day waiting period ***begins*** when the creditor delivers the Loan Estimate or places it in the mail, ***not*** when the consumer receives or is considered to have received the Loan Estimate.

May a Creditor Revise a Loan Estimate After a Closing Disclosure Already Has Been Provided?

No. The creditor may not provide a revised Loan Estimate on or after the date the creditor provides the consumer with the Closing Disclosure. (§1026.19(e)(4)(ii))

Creditors normally may provide a revised Loan Estimate (when permitted as previously discussed), so long as they provide the consumer with the ***seven-business-day waiting period***, but once the Closing Disclosure has been provided the creditor ***may not*** re-disclose the Loan Estimate.

Because the Closing Disclosure must be provided to the consumer no later than ***3 business days*** before consummation, this means the consumer must receive a revised Loan Estimate no later than 4 business days prior to consummation. (§1026.19(e)(4)(ii)) and Comment 19 (e)(4)(ii)-1.ii).

What if a Changed Circumstance Occurs Within Four Business Days of Consummation?

If a changed circumstance occurs less than four business days before consummation, creditors will not be able to provide and rely on a revised Loan Estimate. However, creditors may provide consumers with a Closing Disclosure reflecting any revised charges resulting from the changed circumstance and rely on those figures (rather than the amounts disclosed on the Loan Estimate) for purposes of determining good faith and the applicable tolerance. (Comment 19(e)(4)(ii)-1)

- If the changed circumstances or other triggering event occurs between the fourth and third business days from consummation, the creditor may reflect the revised charges on the Closing Disclosure provided to the consumer three business days before consummation.

- If the event occurs after the first Closing Disclosure has been provided to the consumer (i.e., within the three-business-day waiting period before consummation), the creditor may use revised charges on the Closing Disclosure provided to the consumer at consummation, and compare those amounts to the amounts charged for purposes of determining good faith and tolerance. (Comment 19(e)(4)(ii)-1)

The consumer ***cannot waive*** the seven-business-day waiting period unless there is a bona fide personal financial emergency that necessitates consummating the credit transaction before the end of the waiting period.

- An example of a bona fide personal financial emergency is the imminent sale of the consumer's home at foreclosure, where the foreclosure sale will proceed unless loan proceeds are made available to the consumer during the waiting period.

- To modify or waive the waiting period, the consumer must give the creditor a dated written statement that describes the emergency, specifically modifies or waives the waiting period, and is signed by all consumers primarily liable on the legal obligation. (§1026.19(e)(1)(v).

- The creditor may not provide the consumer with a pre-printed waiver form.(§1026.19(e)(1)(v).

Now that we have reviewed the basic rules and regulations relating to the Integrated Disclosures, let's begin with guidelines for completing the Loan Estimate.

GUIDELINES FOR COMPLETING THE LOAN ESTIMATE STEP #1 – COMPLETE THE FEES WORKSHEET

Most mortgage software is designed to have the Loan Originator first complete a **Fees Worksheet,** which lists each fee separately. The fees reflected on the Fees Worksheet will then automatically be brought forward to the **Loan Estimate**.

Before getting into the guidelines for completing the Fees Worksheet, it is extremely important to understand that the information brought forward to the **Loan Estimate** on Page 3 includes the **Annual Percentage Rate**, or **APR**.

The APR is calculated based on those fees ***paid by the consumer*** that ***go to the lender or its affiliate***, ***not*** to a third-party provider, such as the credit report fee. These fees are referred to as ***"Prepaid Finance Charges"*** or ***"PFCs."***

When completing the Fees Worksheet, you must check the ***"PFC"*** box (refer to the sample Fees Worksheet on Page 17) for those fees that are considered a ***prepaid finance charge*** in order to determine the APR.

Before completing the Fees Worksheet, it is important to understand fees that ***do*** affect the APR, and fees that ***do not*** affect the APR. Beginning on the next page is an explanation of these fees.

FEES THAT ***DO*** AFFECT THE APR

It is confusing to note that certain fees that ***do not*** go into the lender's pocket are still considered prepaid finance charges for Truth-in-Lending purposes, and will affect the borrower's APR. These fees ***benefit the lender, not the borrower***, however, and include:

- **Appraisal Fee** **–** If the appraisal is performed by an ***employee*** of the lender, the money goes to the lender, and is therefore a prepaid finance charge. If the appraisal is performed by an independent appraiser, it is not considered a prepaid finance charge.

- **Real Estate Tax Service Fee** **–** This fee does not go to the lender, however it ***benefits*** the lender and not the borrower. This fee is charged for providing the annual property tax information to the servicing lender so they can pay the bill out of the borrower's escrow account.

- **PMI** – PMI protects the lender in the event the borrower defaults on the loan, it ***does not*** protect the borrower.

- **Flood Certification** **–** This fee pays for an annual review of the flood maps to determine if the borrower's property is now located in a 100-year flood hazard area. This is for the protection of the lender, who will require the borrower to obtain flood hazard insurance in the event the property is re-zoned to a flood hazard area.

- **Lender's Inspection Fee** **–** If an independent appraiser makes a final inspection to verify that repair items are completed, this is not considered a finance charge for Truth-in-Lending purposes. However, if the lender's ***staff appraiser, an employee,*** makes the final inspection, then the charge for this fee is paid to the lender and must be considered a prepaid finance charge.

- **Courier Fee** **–** While a courier fee does not go into the lender's pocket, this service ***benefits the lender***, ***not the borrower***, and is therefore considered a finance charge.

Trying to determine what does and does not constitute a finance charge has kept many attorneys awake at night, wondering if they told their lender clients the right thing. In most cases, when in doubt, show the fee as a prepaid finance charge.

FEES THAT *DO* AFFECT THE *APR*

Administration Fee
Amortization Schedule
Application Fee
Appraisal Retype
Appraisal Review and Re-certification
Appraisal Update
Assignment Fee
Binder Fee
Broker Fee (Unless Paid by Lender)
Borrower's Verification Fee
Buydown/Subsidy Fee
Closing Administration Fee
Closing Fee
Commitment Fee
Coupon Fee
Courier Fee
Discount Fee
Document Prep. (Broker/Lender)**
EPA Endorsement
Escrow Mail Fee
FHA Up-Front MIP & Reserves
Final Inspection/Lender's Appraiser
Flood Certification
Funding Fee
Inspection Photo Fee
Lender's In-House Attorney or Courier
Lender's In-House Attorney Doc. Prep.
Lock-In Fee
Long Distance Charges
Miscellaneous Fees
Mortgage Lender Fees
NFIS *(In Some States)*
Origination Fees
Per Diem Interest
PMI Premium and Reserves
Processing Fee
Property Inspection
Re-certification of Value
Redraw Fee
Refinance Fee
Restrictions
Retainer Fee
Review Fee
Review Appraisal
Tax Service Fee
Underwriting Fee
VA Funding Fee
VOD Fee
Warehouse Fee
Wire Transfer Fee

Any Other Fees Charged by the Lender that are considered a profit to the Lender

FEES THAT ***DO NOT*** AFFECT THE *APR*

Alarm System
Appraisal Fee (if performed by an independent appraiser)
Appraisal Photos
Appraisal Mileage
Attorney's Fees (Unless attorney is employed by lender)
Chimney Repair
Credit Report Fee
Document Preparation Fee *(Third Party, Not the Lender)***
Document Stamp Tax or Any City/County/State Tax
Escrow Fee
Escrow Shortage Fee
Filing Fee
Intangible Tax
Lead-Based Paint Test
MIP Credit
MIP Refund
Mortgage Tax
Overage to Broker
Property Insurance
Recording Fee
Repair Escrow Reserve
Survey Fee
Survey Report
Termite Inspection
Title Fee
Title Inspection
Title Opinion
Title Review
Well/Septic Inspection
Yield Spread Premium

Any Other Third-Party Fees that Are Not Paid to/Benefit the Lender

Mortgages "R" Us

Your actual rate, payment, and cost could be higher. Get an official Loan Estimate before choosing a loan.

FEES WORKSHEET

Fee Details and Summary

Applicants:	**Andrew Borrower**	Application No:	**Andrew Borrower New GFE**
Prepared By:	**Mortgages "R" Us**	Date Prepared:	**06/01/2015**
	123 You're Approved Road, Anywhere, USA 00000	Loan Program:	**Conventional Fixed**

This "Fees Worksheet" is provided for informational purposes ONLY, to assist you in determining an estimate of cash that may be required to close and an estimate of your proposed monthly mortgage payment. Actual charges may be more or less, and your transaction may not involve a fee for every item listed.

Total Loan Amount: **$ 225,000** Interest Rate: **4.625 %** Term/Due In: **360 mths**

Fee	Paid To	Paid By (Fee Split**)		Amount	PFC / F / POC
ORIGINATION CHARGES					
Loan Origination Fee		Borrower	1.000%	$ 2,250.00	√
Processing Fee		Borrower		$ 350.00	√
Underwriting Fee		Borrower		$ 450.00	√
Courier Fee		Borrower		$ 25.00	√
Commitment Fee		Borrower		$ 375.00	√
OTHER CHARGES					
Yield Spread Premium			1.000 %	$ (2,250.00)	
Appraisal Fee		Borrower		$ 375.00	
Credit Report Fee		Borrower		$ 25.00	
Tax Service Fee		Borrower		$ 75.00	√
Flood Certification Fee		Borrower		$ 25.00	√
Attorney Fee		Borrower		$ 500.00	
Lender's Title Insurance		Borrower		$ 562.50	
Mortgage Recording Charge		Borrower		$ 65.00	
Intangible Tax		Borrower		$ 675.00	
Ga. Res. Mtg. Tax		Borrower		$ 10.00	
Hazard Insurance Reserves		Borrower	$ 93.75 x 2 mth(s)	$ 187.50	
County Property Tax Reserves		Borrower	$ 312.50 x 5 mth(s)	$ 1,562.50	
Daily Interest Charges		Borrower	$ 28.91 x 30 day(s)	$ 867.30	√
Hazard Insurance Premium		Borrower	$ 93.75 x 12 mth(s)	$ 1,125.00	
ADDITIONAL SETTLEMENT CHARGES NOT INCLUDED ON GFE					
Owner's Title Insurance (Optional)		Borrower		$ 562.50	

TOTAL ESTIMATED FUNDS NEEDED TO CLOSE:				TOTAL ESTIMATED MONTHLY PAYMENT:	
Purchase Price (+)	250,000.00	Loan Amount (-)	225,000.00	Principal & Interest	1,156.81
Alterations (+)		CC Paid by Seller (-)	3,500.00	Other Financing (P & I)	
Land (+)		CC Paid by Lender (-)	2,250.00	Hazard Insurance	93.75
Refi (incl. debts to be paid off) (+)		Appraisal	375.00	Real Estate Taxes	312.50
Est. Prepaid Items/Reserves (+)	3,742.30	Credit Report	25.00	Mortgage Insurance	116.25
Est. Closing Costs (+)	4,075.00	Cash Deposit on sales contract	1,000.00	Homeowner Assn. Dues	
				Other	
Total Estimated Funds needed to close			27,917.30	**Total Monthly Payment**	1,679.31

* PFC = Prepaid Finance Charge F = FHA Allowable Closing Cost POC = Paid Outside of Closing
** B = Borrower S = Seller Br = Broker L = Lender TP = Third Party C = Correspondent

Calyx Form - feews.frm (10/2015)

FEES WORKSHEET
EXPLANATION OF CHARGES

ORIGINATION CHARGES

LOAN ORIGINATION FEE - This fee is a negotiated amount, usually set by lenders to stay competitive in their local market. Check with your lender.

LOAN DISCOUNT (POINTS) - One discount point represents 1% of the mortgage amount. This fee is based on the interest rate being provided to the borrower. ***The lower the interest rate, the higher the discount points.*** It is based on what the secondary market is willing to pay to purchase the loan.

MORTGAGE BROKER FEE - If this fee is charged, the borrowers must sign an agreement to pay this fee. This Mortgage Broker Agreement must be included in the loan file and the Mortgage Broker Fee must be reflected on the *Closing Disclosure*.

PROCESSING FEE - In addition to an origination fee, some lenders charge a processing fee for the processing and preparation of the credit documents. Check with the lender.

UNDERWRITING FEE - This fee is typically charged by the secondary lender purchasing the loan, since their on-staff underwriter will underwrite the loan. You may obtain a schedule of fees from your respective secondary lenders.

COURIER FEE - This fee is charged for delivering documents to secondary lenders and closing agents. If the loan is a refinance, there will also be a courier fee to send the payoff to the payoff lender. Check with your lender.

APPLICATION FEE - Some lenders charge an application fee to the borrower which may include the cost of the appraisal and credit report.

LOCK-IN/COMMITMENT FEE - Some lenders charge a lock-in or commitment fee to lock in the borrower's interest rate. If charged, this fee may be non-refundable if the loan does not close.

OTHER CHARGES

YIELD SPREAD PREMIUM - As discussed earlier with Discount Points, a loan sold in the secondary market at a discounted interest rate results in charging discount points to the borrower. Conversely, a loan sold at a higher rate can be sold for a premium.

Example: If the market rate, or "par" rate is 4.875%, a higher rate may be offered that will pay "overage" or "yield spread premium." A higher rate of 5.25% may pay the broker an extra 1% profit, which will be credited toward the borrower's settlement costs.

SERVICE RELEASE PREMIUM - A servicing lender collects monthly mortgage payments from borrowers, posts the payment on the computer, and forwards the money to the lender who owns the mortgage, less a servicing fee. If the originating lender has agreed to give up the rights to service the loan, the purchasing lender could pay a service release premium, which is usually based on a percentage of the loan amount.

APPRAISAL FEE - This fee is set by the local FHA and VA offices for FHA and VA loans, and is negotiated with the appraiser for conventional loans. This fee is usually collected at loan application and is non-refundable.

CREDIT REPORT FEE - This fee is negotiated with the local credit reporting agencies. ***REMEMBER:*** If the applicants are not married, it will be necessary to obtain two separate credit reports, and collect two separate fees for these reports. This fee is usually collected at loan application and is non-refundable.

LENDER'S INSPECTION FEE - An inspection fee will not be charged unless the house is still currently under construction, and will require a final inspection, or if the appraisal indicates repair items must be completed, in which case the appraiser will be required to make a final inspection of the property prior to closing.

LOAN PROGRAMS REQUIRING AN UP-FRONT FEE - This could include an:

- Up-Front Rural Housing Loan Fee,
- FHA Up-Front Mortgage Insurance Premium, and a
- VA Funding Fee.
- This could also include the Up-Front PMI Premium if the borrowers select the ***Single Premium*** option.

TAX SERVICE FEE - Most lenders work through a real estate tax service company to obtain information directly from the taxing municipality relating to property taxes. These services range from providing an annual transmittal tape which includes an automatic debit of the escrow account, or the ability of the lender to feed into the tax service company's computer to obtain property tax information, or the tax service company can set the lender up to enter the taxing municipality's tax files to obtain property tax information. The fee charged for this service is a ***one-time set-up fee.***

WIRE TRANSFER FEE - Some lenders charge a fee to wire funds to the closing agent on the day of closing to fund the loan. Check with your lender.

FLOOD CERTIFICATION FEE - All lenders today, as well as both FHA and VA, require a review of the flood maps prepared by the Federal Emergency Management Agency (FEMA) to determine if the subject property is located in a 100 Year Special Flood Hazard Area. If it is, the borrowers will be required to obtain flood hazard insurance.

Some lenders only require a one-time initial review, while other lenders require a "life-of-loan" annual review. FEMA is continually updating flood maps, so properties not in a 100 Year Special Flood Zone at closing may end up in one later. This is a one-time fee and it will vary depending on the services provided.

TITLE CHARGES

CLOSING/ESCROW FEE - This fee is typically charged if the loan is being closed by a title company rather than a closing attorney.

DOCUMENT PREPARATION FEE - Federal law prohibits the charging of a fee for the preparation of the Closing Disclosure, however this fee ***may be charged by the closing attorney*** or a third-party document preparation service who prepares the closing documents.

NOTARY FEES - This item is occasionally charged, but is typically not a fee that is charged at closing.

ATTORNEY FEES - Attorney's fees vary dramatically, depending on the law of supply and demand. Smaller communities with fewer attorneys may pay higher fees for the services of a closing attorney, while larger cities, with numerous attorneys, may have more competitive fees.

It is suggested that you contact several attorneys in your area to determine their fees. Remember, also, that the fee paid to the attorney ***should include the title examination***. Always ask!

TITLE INSURANCE - Title insurance protects against any overlooked liens against the property that were missed at the time of the title examination, and also protects against any future unforeseen problems, such as fraudulent activities or disputed claims from estates.
Any such problems must be resolved by the title insurance company to ensure that the lender and owners retain clear rights to the property.

- ***Lender's*** title coverage is always required.

- ***Owner's*** title coverage may either be mandatory, depending on the state in which the property is located, or could be obtained at the option of the borrower.

All borrowers should be advised to obtain owner's title insurance. Although the lender's title coverage should protect the borrower in the event of unforeseen problems, until the dispute is resolved, the property cannot be sold. Owner's title insurance remains in effect, however, beyond the cancellation of the lender's policy.

This means that the borrower can sell the property before a claim has been settled, since the title company must resolve the claim and pay any fees in connection with a claim. With this guarantee, a new lender will accept the property.

If the borrower agrees to accept an owner's title policy at closing, the price of the policy will be much less, since the attorney can do a *simultaneous issue*.

For refinance loans, tell the borrowers to bring their original HUD-1 Settlement Statement (renamed Closing Disclosure after August 1, 2015) to the application, so you can see who the original closing attorney was. It is possible to negotiate with the former closing attorney for the handling of the new loan closing, if the attorney is prepared to offer a title policy at a discounted price. If the same attorney handles the new closing, the existing title policy can be modified, rather than paying for a new one.

PLEASE NOTE: **If Owner's Title Insurance is optional (check with State requirements), when preparing the Fees Worksheet, include in parentheses the word "Optional,"** and list it under "Other" on the Fees Worksheet.

TITLE EXAMINATION FEE - A search of public records will be conducted for the subject property, to determine any outstanding liens or judgments currently recorded with the property. All liens will be satisfied at the time of closing, to ensure that the lender will have clear first lien position on the property. This service can be performed by the closing attorney or an independent title examiner.

GOVERNMENT RECORDING & TRANSFER CHARGES

RECORDING FEES - Both the Warranty Deed and the Security Deed/Mortgage are recorded with the local municipality. Check with a local closing attorney for these amounts.

CITY/COUNTY TAX/STAMPS - Check with your local city/county municipality to determine if any fees are charged. A local closing attorney can also tell you.

STATE/TAX/STAMPS - There are various tax/stamps charged, depending on the state.

- Some states charge a **Transfer Tax**, which is an amount usually calculated on the ***sales price*** of the property.
- Some states charge **Intangible Tax**, which is an amount usually calculated on the ***loan amount***.

Whether these fees are paid by the buyer or the seller is negotiable, and the contract must be reviewed carefully to determine who is responsible for payment. Check with a local closing attorney to determine the amount of these fees.

ADDITIONAL SETTLEMENT CHARGES

PEST INSPECTION - A wood infestation report may be required by the lender on all purchase transactions, to determine the existence of any wood-destroying insects. Who pays for this report is negotiated between the buyer and the seller, and should be spelled out in the sales contract. Many lenders do not require a wood infestation report on a refinance; check with your lenders.

SURVEY - Today most lenders are not requiring a survey, however it is strongly suggested that the borrowers be advised to obtain a survey, even if they must pay for it themselves. There are numerous problems that could arise later if boundary disputes occur, such as a driveway encroachment, a fence encroachment, etc. It could end up being very costly to handle disputes that could have been detected earlier if a survey had been made.

OWNER'S TITLE INSURANCE (IF OPTIONAL) – If Owner's Title Insurance is optional, list it here on the Fees Worksheet.

WHAT ARE PREPAIDS?

PREPAIDS refer to those items paid in advance at the time the loan is closed. These items include:

PREPAID INTEREST - Interest on a mortgage is not due and payable until it has *accrued*, or *built up* daily. This means that the monthly mortgage payment always includes interest that *accrued* the previous month, so each monthly mortgage payment includes principal due for the current month, plus interest that accrued the ***previous month.***

If a borrower closed his loan on the 15th of the month, interest owed on the money borrowed would only be from the date of loan closing to the end of the month. The lender has the option to offer a *short payment* the first month following closing, which means the monthly payment would only include interest from the 15th of the month to the last day of the month.

Most lenders don't like to do this, because it does not really give them enough time to prepare the coupon book and get it to the borrower in time for the mortgage payment to be made by the first of the month following closing. What most lenders prefer to do is skip to the second month following closing for the first payment due date. The mortgage payment pays interest accrued the prior month. What about the interest due from the 15th of the month, the date of closing, to the end of the month? This amount is collected at closing.

Here is an example:

A loan closed January 15. The first mortgage payment is scheduled for March 1. The payment made in March pays interest that accrued in February. The interest owed by the borrower from the date of closing, January 15, to the end of the month will be collected at closing.

Because the lender does not know what day of the month the loan will actually close, at the time of the loan application, when the Good Faith Estimate is prepared, it is suggested that the amount quoted to the borrower be the ***worst case*** scenario, which is 30 days. It is helpful to give the borrower the daily rate of interest as well, explaining that the final amount due at closing will be this daily rate multiplied times the number of days remaining in the month.

The method for computing prepaid interest is as follows:

LOAN AMOUNT X INTEREST RATE DIVIDED BY 360 DAYS (MOST BANKS FIGURE 360 DAYS PER YEAR) = DAILY INTEREST. MULTIPLY DAILY INTEREST X 30 DAYS.

$100,000 X 6.5% annual interest = $6,500 ÷ 360 days = $18.06/daily interest.
Multiply daily interest of $18.06 X 30 days = $541.80.

PLEASE NOTE: The new HUD Handbook 4000.1, which goes into effect in September, 2015, states that per diem interest must be calculated using a factor of 365, rather than 360.

FIRST YEAR HAZARD INSURANCE - This also refers to homeowners insurance. The lender only requires that the *structure* be insured, which is called hazard insurance. Naturally, the borrower will want to insure the *contents* as well, so they obtain a homeowners insurance policy.

Coverage must be for the ***amount of the loan or replacement cost (whichever is lower), <u>not</u> the sales price of the property.*** The first year's premium is paid one year in advance at closing. Instruct the borrower to bring the policy binder, and invoice, to closing for payment.

FIRST YEAR FLOOD INSURANCE - If it is determined that the property is in a *100 Year Special Flood Hazard Area*, flood insurance must be obtained. The insurance company providing the homeowners insurance policy can obtain this policy, and the borrower must bring the original policy to closing, along with the invoice for payment.

RESERVES DEPOSITED WITH LENDER

HAZARD INSURANCE PREMIUM RESERVES - The initial premium paid at closing pays in advance for the first 12 months' coverage. The annual premium will be divided by 12 months, with monthly installments included in the monthly mortgage payment. The funds will be placed into the borrower's escrow account. When the annual premium is due again in 12 months, the lender pays the premium out of the borrower's escrow account, or paid by the borrower if an escrow account was not set up with the lender.

Typically, the borrower's first mortgage payment will not be scheduled until the second month following closing, which means there will only be 10 installments in the account when the annual premium is due again. For this reason, the lender will collect the 2 months representing the shortage up front at closing and place them into the escrow account to insure there will be 12 installments in escrow in one year when the bill comes due again.

SCHOOL TAX - Some areas charge a school tax in addition to property tax. Check with your respective areas.

PROPERTY TAX ESCROW - The monthly payment for property taxes is determined by the closing attorney when the loan is scheduled to close, and is based on the millage rate charged by the city and/or county in which the property is located.

The number of months to be escrowed depends on the due date for taxes. You can either call each city/county tax assessor's office in your area to obtain this information, or check with a local closing attorney to see if they have this information available. ***You must have a general idea of the amount to be escrowed when you complete your Loan Estimate.*** The borrower needs to know how much money will be needed at closing.

FLOOD INSURANCE ESCROW - If flood insurance is required, 2 months will also be escrowed at closing in addition to the first year's premium.

HOW TO DETERMINE THE NUMBER OF MONTHS TO ESCROW FOR PROPERTY TAXES

One of the main prepaid items that Loan Originators seem to calculate incorrectly is the number of months to be escrowed for the borrower's property taxes. Billing dates for counties and cities vary by state – some bill at the end of the calendar year just ending, which is actually billing in arrears. Others bill in the month of July for the calendar year, so half of the bill reflects taxes in arrears, the other half reflects taxes collected in advance. Still others bill in January for taxes in advance.

You must find out the billing dates for the cities and counties in which you will be originating loans. You can call each local county and city, or talk to a local closing attorney. Your goal is to be as accurate as possible in calculating costs on the Loan Estimate. Indicating 4 months on the Loan Estimate, only to have the borrowers end up paying ***14 months at closing*** does not make for happy borrowers.

Regardless of the billing date, most counties and cities do bill on a calendar year basis, i.e., taxes billed in December reflect taxes owed for the calendar year, not December to December, rather January 1-December 31, or taxes billed in October reflect taxes owed from January-December.

Once it has been determined what the billing date is, it is now the responsibility of the Loan Originator to determine how much money the borrower must pay at closing. The amount paid by the borrower includes a "net" amount, i.e, the amount needed from the borrower to set up the escrow account, ***less the amount owed by the seller*** for the prorated portion of the property taxes.

EXAMPLE:	**Loan Closing Date**	**March 31st**
	First Mortgage Payment Date	**May 1st**
	Billing Date for Property Taxes	**November 1st**

QUESTION: **Who will own the property on November 1, the seller or the buyer?**
ANSWER: **The buyer will own the property and is therefore responsible for paying the whole amount.**

This means the borrower must have sufficient funds in the escrow account to pay the entire bill November 1st. This is how the closing attorney determines the number of months to collect from the borrower to set up the escrow account:

Number of months needed to pay the bill	**12**
Number of payments made before November 1:	**- 7**
May, June, July, August, Sept., Oct., Nov.	
Number of payments escrow account will be short	**5**
Plus a 2-month cushion usually collected	**+ 2**
Number of payments collected at closing	**7**
Less amount reimbursed by seller for seller's share of taxes for January-March	**- 3**
"Net" amount paid by borrower at closing	**4**

In the first example shown above, the attorney collected 7 months from the borrower to set up the escrow, and the seller reimbursed the borrower 3 months, so the "net" amount to the borrower was 4 months. If the loan were a refinance, the entire 7 months would have been paid by the borrower.

EXAMPLE:	**Loan Closing Date**	**November 30th**
	First Mortgage Payment	**January 1st**
	Billing Date for Property Taxes	**November 1st**
QUESTION:	**Who owned the property when the tax bill was due?**	
ANSWER:	**The seller owned the property, and should have already paid the taxes for the year.**	

The attorney will verify that the seller paid the taxes for the calendar year. The attorney will then collect from the buyer to reimburse the seller for the buyer's portion:

Buyer's share of taxes for the year (December)	**1**
Number of payments needed to pay next year's bill	**+12**
	13
Number of payments made before next November 1:	
January-November	**-11**
Number of payments collected at closing	**2**
Plus 2-month cushion	**+ 2**
Total collected from borrower at closing	**4**

What if the loan was a refinance, and there was no seller to pro-rate taxes? In this case, the borrower will not reimburse the seller for the one month's taxes. This means that the borrower would only need to pay 3 months taxes to set up the escrow account.

What if the loan closed October 31st, with the first mortgage payment due December 1st, and property taxes were due November 1st? In this case the closing attorney would collect as follows:

Amount collected to pay *this year's* bill	**12**
Plus amount needed to set up *next year's* escrow account:	
Months needed to pay next year's bill	**+12**
Payments made before bill comes due - December-November	**-12**
Plus 2-month cushion	**+ 2**
Number of months collected at closing from borrower	**14**

In this example, the borrowers must actually pay ***14 months at closing!*** That's the current tax bill plus the escrow for next year's tax bill! Imagine estimating 4 months of property taxes on the Loan Estimate, and then having the borrowers get hit with 14 months at closing! These borrowers would not be happy!

It needs to be stressed to the borrowers, however, that they may pay 14 months at closing, however when their current mortgage is paid off, they will be receiving a refund of their escrow account, which would have 14 months of property taxes in escrow. If they can come up with the money at closing for their new loan (which they can finance into their new loan), they will be reimbursed within 30 days. ***At any rate, you need to tell them what to expect at closing.***

SCHEDULE OF TAX ESCROWS

Most property taxes are due within the months of July-December. The chart shown below can be used as a guide for determining the net amount that must be collected from the borrowers at closing. This is based on the assumption that taxes are billed in arrears on a calendar year basis, and that the loan typically closes at the end of the month.

NUMBER OF MONTHS TO BE ESCROWED

Month of Closing	July Due Date	August Due Date	September Due Date	October Due Date	November Due Date	December Due Date
January Purchase	8	7	6	5	4	3
January Refinance	9	8	7	6	5	4
February Purchase	8	7	6	5	4	3
February Refinance	10	9	8	7	6	5
March Purchase	8	7	6	5	4	3
March Refinance	11	10	9	8	7	6
April Purchase	8	7	6	5	4	3
April Refinance	12	11	10	9	8	7
May Purchase	8	7	6	5	4	3
May Refinance	13	12	11	10	9	8
June Purchase	8	7	6	5	4	3
June Refinance	14	13	12	11	10	9
July Purchase	8	7	6	5	4	3
July Refinance	15	14	13	12	11	10
August Purchase	8	7	6	5	4	3
August Refinance	4	15	14	13	12	11
September Purchase	8	7	6	5	4	3
September Refinance	5	4	3	2	13	12
October Purchase	8	7	6	5	4	3
October Refinance	6	5	4	3	14	13
November Purchase	8	7	6	5	4	3
November Refinance	7	6	5	4	3	2
December Purchase	8	7	6	5	4	3
December Refinance	8	7	6	5	4	3

STEP #2 – COMPLETE THE LOAN ESTIMATE

After completing the **Fees Worksheet**, the information will be brought forward to the **Loan Estimate.**

Refer to the sample completed Loan Estimate on the next page.

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Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 06/01/2015
APPLICANTS Andrew Borrower

PROPERTY

SALE PRICE $250,000

LOAN TERM 30 years
PURPOSE Purchase
PRODUCT Fixed Rate
LOAN TYPE ☑ Conventional ☐ FHA ☐ VA ☐ ________
LOAN ID #
RATE LOCK ☐ NO ☑ YES, until 02/04/2015 at 12:00 PM
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on **02/04/2015** *at 12:00 PM*

Loan Terms		**Can this amount increase after closing?**
Loan Amount	$225,000	**NO**
Interest Rate	4.625%	**NO**
Monthly Principal & Interest *See Projected Payments below for your Estimated Total Monthly Payment*	$1,156.81	**NO**
		Does the loan have these features?
Prepayment Penalty		**NO**
Balloon Payment		**NO**

Projected Payments

Payment Calculation	**Years 1-8**	**Years 9-30**
Principal & Interest	$1,156.81	$1,156.81
Mortgage Insurance	+ 116	+ -
Estimated Escrow *Amount can increase over time*	+ 406	+ 406
Estimated Total Monthly Payment	$1,679	$1,563

Estimated Taxes, Insurance & Assessments *Amount can increase over time*	$406 a month	**This estimate includes** ☑ Property Taxes ☑ Homeowner's Insurance ☐ Other: *See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.*	**In escrow?** **YES** **YES**

Costs at Closing

Estimated Closing Costs	$7,819	Includes $5,576 in Loan Costs + $4,493 in Other Costs - $ 2,250 in Lender Credits. *See page 2 for details.*
Estimated Cash to Close	$28,319	Includes Closing Costs. *See Calculating Cash to Close on page 2 for details.*

Visit **www.consumerfinance.gov/mortgage-estimate** for general information and tools.

LOAN ESTIMATE
Calyx Form - LE1_2col.frm (02/2015)

PAGE 1 OF 3 • LOAN ID #

Closing Cost Details

Loan Costs

A. Origination Charges	$3,450
% of Loan Amount (Points)	
Commitment Fee	$375
Courier Fee	$25
Loan Origination Fee	$2,250
Processing Fee	$350
Underwriting Fee	$450

B. Services You Cannot Shop For	$500
Appraisal Fee	$375
Credit Report	$25
Flood Certification	$25
Tax Service Fee	$75

C. Services You Can Shop For	$1,063
Title - Attorney Fees	$500
Title - Lender's Title Insurance	$563

D. TOTAL LOAN COSTS (A + B + C)	$5,013

Other Costs

E. Taxes and Other Government Fees	$750
Recording Fees and Other Taxes	$65
Transfer Taxes	$685

F. Prepaids	$1,992
Homeowner's Insurance Premium (12 months)	$1,125
Mortgage Insurance Premium (months)	
Prepaid Interest ($28.91 per day for 30 days @ 4.625 %)	$867
Property Taxes (months)	

G. Initial Escrow Payment at Closing				$1,751
Homeowner's Insurance	$93.75	per month for	2 mo.	$188
Mortgage Insurance		per month for	mo.	
Property Taxes	$312.50	per month for	5 mo.	$1,563

H. Other	$563
Owner's Title Insurance (Optional)	$563

I. TOTAL OTHER COSTS (E + F + G + H)	$5,056

J. TOTAL CLOSING COSTS	$7,819
D + I	$10,069
Lender Credits	-$2,250

Calculating Cash to Close

Total Closing Costs (J)	$7,819
Closing Costs Financed (Paid from your Loan Amount)	$0
Down Payment/Funds from Borrower	$25,000
Deposit	-$1,000
Funds for Borrower	$0
Seller Credits	-$3,500
Adjustments and Other Credits	$0
Estimated Cash to Close	**$28,319**

LOAN ESTIMATE
Calyx Form - LE2_fixed.frm (02/2015)

PAGE 2 OF 3 • LOAN ID #

Additional Information About This Loan

LENDER	Mortgages "R" Us	MORTGAGE BROKER	
NMLS / ___ LICENSE ID		NMLS / ___ LICENSE ID	
LOAN OFFICER		LOAN OFFICER	
NMLS / ___ LICENSE ID		NMLS / ___ LICENSE ID	
EMAIL		EMAIL	
PHONE	000-555-0000	PHONE	

Comparisons	Use these measures to compare this loan with other loans.	
In 5 Years	$83,987	Total you will have paid in principal, interest, mortgage insurance, and loan costs.
	$19,509	Principal you will have paid off.
Annual Percentage Rate (APR)	5.102%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	85.476%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we ☐ 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.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than *15* days late, we will charge a late fee of *5% of the payment.*
Loan Acceptance	You do not have to accept this loan because you have received this form or signed a loan application.
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.
Servicing	We intend ☐ to service your loan. If so, you will make your payments to us. ☐ to transfer servicing of your loan.

LOAN ESTIMATE
Calyx Form - LE3_accpt.frm (02/2015)

PAGE 3 OF 3 • LOAN ID #

GUIDELINES FOR COMPLETING THE LOAN ESTIMATE

Page 1 of the Loan Estimate includes general information, a Loan Terms table with descriptions of applicable information about the loan, a Projected Payments table, a Costs at Closing table, and a link for consumers to obtain more information about loans secured by real property at a website maintained by the Bureau.

Page 1 of the Loan Estimate includes the title “Loan Estimate” and a statement of “Save this Loan Estimate to compare with your Closing Disclosure.” (§ 1026.37(a)(1),(2))

The top of page 1 also includes the name and address of the creditor. (§ 1026.37(a)(3)) A logo or slogan can be used along with the creditor’s name and address, so long as the logo or slogan does not exceed the space provided for that information. (§ 1026.37(o)(5)(iii))

If there are multiple creditors, use only the name of the creditor completing the Loan Estimate. (Comment 37(a)(3)-1) If a mortgage broker is completing the Loan Estimate, use the name and address of the creditor if known. If not yet known, leave this space blank. (Comment 37(a)(3)-2)

LOAN ESTIMATE GENERAL INFORMATION - PAGE 1

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Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED	06/01/2015	**LOAN TERM**	30 years
APPLICANTS	Andrew Borrower	**PURPOSE**	Purchase
		PRODUCT	Fixed Rate
		LOAN TYPE	☑ Conventional ☐ FHA ☐ VA ☐ ____________
		LOAN ID #	
PROPERTY		**RATE LOCK**	☐ NO ☑ YES, until 02/04/2015 at 12:00 PM *Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on* **02/04/2015** *at 12:00 PM*
SALE PRICE	$250,000		

Date Issued The date the Loan Estimate is mailed or delivered to the consumer. (§ 1026.37(a)(4))

Applicants Applicants includes the name and mailing address of the consumer(s) applying for the loan. Use each Applicant's name and mailing address if there are multiple Applicants. An additional page may be added to the Loan Estimate if the space provided is insufficient to list all of the Applicants. (Comment 37(a)(5)-1)

Property Property is the address of the property (which must include the zip code) that will secure the transaction. If the address of the Property is unavailable, use a description of the location of the property, for example a lot number. Always use a zip code. (Comment 37(a)(6)-1) Personal property such as furniture or appliances that also secures the credit transaction may be, but is not required to be included as Property. An additional page may not be appended to the Loan Estimate to disclose a description of personal property. (Comment 37(a)(6)-2)

Sale Price or Appraised Value or Estimated Value

If the loan is for a purchase money mortgage, use Sale Price. (§ 1026.37(a)(7)(I)) If personal property is included in the Sale Price of the Property, use that price without any reduction for the appraised or estimated value of the personal property. (Comment 37(a)(7)-2) If the loan is for a transaction without a seller, use Appraised Value or Estimated Value. (Comment 37(a)(7)-1)

Loan Term Loan Term is the term of the debt obligation. Describe the Loan Term as "years" when the Loan Term is in whole years. For example "1 year" or "30 years." (Comment 37(a)(8)-1.i, -1.ii) For a Loan Term that is more than 24 months but is not whole years, describe using years and months with the abbreviations "yr." and "mo.," respectively. For example, a loan term of 185 months is disclosed as "15 yr., 5mo." For a Loan Term that is less than 24 months and not whole years, use months only with the abbreviation "mo." For example, "6 mo." or "16 mo." (Comment 37(a)(8)-2)

Purpose Describe the consumer's intended use for the loan. (§ 1026.37(a)(9)) Purpose is disclosed using one of four descriptions: Purchase, Refinance, Construction, or Home Equity Loan.

- Purchase is disclosed if the loan will be used to finance the Property's acquisition. (§ 1026.37(a)(9)(I))

- Refinance is disclosed if the loan will be used for the refinance of an existing obligation that is secured by the Property (even if the creditor is not the holder or servicer of the original obligation). (§ 1026.37(a)(9)(ii))

- Construction is disclosed if the loan will be used to finance the initial construction of a dwelling on the property disclosed on the Loan Estimate. (§

1026.37(a)(9)(iii))
- Home Equity Loan is disclosed if the loan will be used for any other purpose. (§ 1026.37(a)(9)(iv))

Product Provide a description of the loan. You are required to include two pieces of information in this disclosure:

- The first piece of information is any payment feature that may change the periodic payment, which includes Negative Amortization, Interest Only, Step Payment, Balloon Payment, or Seasonal Payment. (§ 1026.37(a)(10)(ii))

- Additionally, the duration of the relevant payment feature must be disclosed with a Negative Amortization, Interest Only, Step Payment, or Balloon Payment. (§ 1026.37(a)(10)(iv)) For example, a payment feature where there is a five-year period during which the payments cover only interest, and are not applied to the principal balance, would be disclosed as a 5 Year Interest Only for the payment feature.

- Negative Amortization is when the principal balance of the loan may increase due to the addition of accrued interest to the principal balance.

- Interest Only is when one or more regular periodic payments may be applied only to interest accrued and not to the principal of the loan.

- Step Payment is when the scheduled variations in regular periodic payment amounts occur that are not caused by changes to the interest rate during the loan term.

- Balloon Payment is when the terms of the legal obligation include a payment that is more than two times that of a regular periodic payment.

- Seasonal Payment is when the terms of the legal obligation expressly provide that regular periodic payments are not scheduled between specified unit periods on a regular basis. For example, a “teacher” loan that does not require monthly payments during summer months has a Seasonal Payment.

- If the loan can be described with more than one of these descriptions, only the first applicable feature is disclosed. (§ 1026.37(a)(10)(iii)) For example, a loan that would result in both Negative Amortization and a Balloon Payment would only disclose Negative Amortization as part of Product.

LOAN TERMS

Loan Terms		Can this amount increase after closing?
Loan Amount	$225,000	NO
Interest Rate	4.625%	NO
Monthly Principal & Interest *See Projected Payments below for your Estimated Total Monthly Payment*	$1,156.81	NO
		Does the loan have these features?
Prepayment Penalty		NO
Balloon Payment		NO

Disclose in the **Loan Terms** table:

- **Loan Amount** (if the amount is in whole dollars, do not disclose cents) (§ 1026.37(o)(4)),
- **Initial Interest Rate**
- **Initial Monthly Principal & Interest** amount. Any adjustments to these amounts after consummation
- Whether the loan includes a **Prepayment Penalty**
- Whether the loan includes a **Balloon Payment**. (§ 1026.37(b))

PROJECTED PAYMENTS

Projected Payments

Payment Calculation	Years 1-8	Years 9-30
Principal & Interest	$1,156.81	$1,156.81
Mortgage Insurance	+ 116	+ -
Estimated Escrow *Amount can increase over time*	+ 406	+ 406
Estimated Total Monthly Payment	$1,679	$1,563

Estimated Taxes, Insurance & Assessments *Amount can increase over time*	$406 a month	**This estimate includes** ☑ Property Taxes ☑ Homeowner's Insurance ☐ Other: *See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.*	**In escrow?** **YES** **YES**

The **Projected Payments** table shows estimates of the periodic payments that the consumer will make over the life of the loan. Creditors must disclose estimates of the following periodic payment amounts in the **Projected Payments** table:

- Principal & Interest
- Mortgage Insurance
- Estimated Escrow
- Estimated Total Monthly Payment
- Estimated Taxes, Insurance, & Assessments, even if not paid with escrow funds

The sample Loan Estimate form shown on Page 13 shows Years 1-7 with $82 monthly mortgage insurance, and Years 8-30 with $-0- monthly mortgage insurance. When the LTV hits 78%, mortgage insurance is automatically canceled. It takes about 7 years for the LTV to hit 78%, so beginning with Year 8, there will be no monthly mortgage insurance for the remainder of the loan.

The **Projected Payments** table also describes whether taxes, insurance, and other assessments will be paid with funds in the consumer's escrow account. (§ 1026.37(c)(2))

COSTS AT CLOSING

Costs at Closing		
Estimated Closing Costs	$7,819	Includes $5,576 in Loan Costs + $4,493 in Other Costs - $ 2,250 in Lender Credits. *See page 2 for details.*
Estimated Cash to Close	$28,319	Includes Closing Costs. *See Calculating Cash to Close on page 2 for details.*

The **Costs at Closing** table shows:

Estimated Closing Costs are calculated in the same manner as the Total Closing Costs disclosed on page 2 of the Loan Estimate. (See section 2.3.1 below) The Total Closing Costs are also itemized to show from page 2 of the Loan Estimate:

- The total of the Loan Costs table
- The total of the Other Costs table
- Lender Credits in the Total Closing Costs subheading. (§ 1026.37(d)(1)(I))

- The estimated amount of cash the consumer will be expected to pay at closing is also shown as **Estimated Cash to Close**. This amount is the same as the Estimated Cash to Close, from the **Calculating Cash to Close** table on page 2 of the Loan Estimate. (§ 1026. 37(d)(1)(ii))

CLOSING COST DETAILS - PAGE 2

Up to four main categories of costs are disclosed on page 2 of the Loan Estimate:

1. A good-faith itemization of the **Loan Costs** and **Other Costs** associated with the loan. (§ 1026.37(f) and (g))

2. A **Calculating Cash to Close** table that shows how the amount of cash needed at closing is calculated. (§ 1026.37(h))

3. For transactions with adjustable monthly payments, an Adjustable Payments (AP) Table with relevant information about how the monthly payments will change. (§ 1026.37(i))

4. For transactions with adjustable interest rates, an Adjustable Interest Rate (AIR) Table with relevant information about how the interest rate will change. (§ 1026.37(j))

The items associated with the mortgage are broken down into two general types, **Loan Costs** and **Other Costs**. Generally, **Loan Costs** are those costs paid by the consumer to the creditor and third-party providers of services the creditor requires to be obtained by the consumer during the origination of the loan. (§ 1026.37(f))

Other Costs include taxes, governmental recording fees, and certain other payments involved in the real estate closing process. (§ 1026.37(g))

Items that are a component of title insurance or are for conducting the closing must include the introductory description of Title –. (§§ 1026.37(f)(2)(i), (g)(4)(i))

If State law requires additional disclosures, those additional disclosures are made on a document whose pages are separate from, and not presented as part of, the Loan Estimate. (Comments 37(f)(6)-1, 37(g)(8)-1)

The amounts disclosed in the **Loan Costs** and **Other Costs** table are rounded to the nearest whole dollar. The daily amount of Prepaid Interest and the monthly amounts for the items in the Initial Escrow Payment at Closing in the labels are not rounded, but the calculated amounts for those items are rounded to the nearest whole dollar. (§ 1026.37(o)(4))

The **Loan Costs** and **Other Costs** tables are further broken down in the next subsection.

LOAN COSTS

Loan Costs are disclosed in three subheadings, each of which is subtotaled:

- Origination Charges
- Services You Cannot Shop For
- Services You Can Shop For.

Disclose the sum of these three subtotals as **Total Loan Costs**. (§ 1026.37(f))

A. ORIGINATION CHARGES

Loan Costs

A. Origination Charges	**$3,450**
% of Loan Amount (Points)	
Commitment Fee	$375
Courier Fee	$25
Loan Origination Fee	$2,250
Processing Fee	$350
Underwriting Fee	$450

Origination Charges are items the consumer will pay to each creditor and loan originator for originating and extending credit. (§ 1026.37(f)(1))

First, include the amount paid, if any, by the consumer to the creditor to reduce the interest rate (sometimes referred to as "points") as both a percentage of the loan amount and a dollar amount. (§ 1026.37(f)(1)(i)) If no points are charged, then leave blank both the percentage of points stated in the label and the dollar amount. (Comment 37(f)(1)-4)

Any other items that the consumer will pay to the creditor and loan originator may also be disclosed, up to 13 individual items. (§ 1026.37(f)(1)(ii)) If there are more than 13 Origination Charges, disclose the total amount of the items that exceed 12 as Additional Charges. (§ 1026.37(f)(6)(i))

Describe the items, other than for points paid, using terminology that clearly and conspicuously describes the service that is disclosed. (Comment 37(f)(1)-3)

The following items should be itemized separately in the **Origination Charges** subheading:

- Compensation paid directly by a consumer to a loan originator that is not also the creditor; or

- Any charge imposed to pay for a loan level pricing adjustment assessed on the creditor that is passed on to the consumer as a cost at consummation and not as an adjustment to the interest rate. (Comment 37(f)(1)-5)

Only items paid directly by the consumer to compensate a loan originator are **Origination Charges**.

Do not disclose compensation to a loan originator paid indirectly by a creditor through the interest rate on the Loan Estimate. (Comment 37(f)(1)-2)

Here is a list of some Origination Charges (not all-inclusive):

- Loan Origination Fee
- Lender's Inspection Fee (if charged)
- Mortgage Broker Fee (if charged)
- Processing Fee
- Underwriting Fee
- Application Fee (if charged)
- Courier Fee
- Commitment Fee (if charged)
- Document Preparation Fee
- Any other fees that go to the lender

B. SERVICES YOU CANNOT SHOP FOR

B. Services You Cannot Shop For	$500
Appraisal Fee	$375
Credit Report	$25
Flood Certification	$25
Tax Service Fee	$75

Services You Cannot Shop For are items provided by persons other than the creditor or mortgage broker that the consumer cannot shop for and will pay for at settlement. (§ 1026.37(f)(2)) Items listed as **Services You Cannot Shop For** must use terminology that describes each item, and disclose them in alphabetical order. (§ 1026.37(f)(5))

Services You Cannot Shop For might include:

- Appraisal fee
- Appraisal management company fee
- Credit report fee
- Flood determination fee
- Government funding fee (such as a VA or USDA guarantee fee, or any other fee paid to a government entity as part of a governmental loan program)
- Homeowner's association certification fee
- Lender's attorney fee
- Tax status search fee
- Third-party subordination fee
- Title – closing protection letter fee
- Title – lender's title insurance policy

- An upfront mortgage insurance fee (unless the fee is a prepayment of future premiums or a payment into an escrow account). (Comment 37(f)(2)-2)

Items that are required for the issuance of title insurance policies may include:

- Examination and evaluation of title evidence to determine the insurability of the title being examined and what items to include or exclude in any title commitment and policy to be issued,

- Preparation and issuance of the title commitment or other document that discloses the status of title, identifies the conditions that must be met before the policy will be issued, and obligates the insurer to issue a policy of title insurance if such conditions are met,

- Resolution of title underwriting issues and taking steps needed to satisfy any conditions for the issuance of title insurance policies,

- Preparation and issuance of the title insurance policies, and

- Payment of premiums for any lender's title insurance coverage. (Comment 37(f)(2)-3)

The amount of the premium for the lender's title insurance coverage must be disclosed without any adjustment to the premium that might be made for the simultaneous purchase of an owner's title insurance policy. (Comment 37(f)(2)-4)

Disclose ***no more than 13*** **Services You Cannot Shop For**. (§ 1026.37(f)(2)(ii)) If there are more than 13 Services You Cannot Shop For, disclose the total amount of the items that exceed 12 with the label Additional Charges. An addendum to the Loan Estimate ***cannot be used*** to disclose the additional items. (§ 1026.37(f)(6)(I))

C. <u>SERVICES YOU CAN SHOP FOR</u>

C. Services You Can Shop For	**$1,063**
Title - Attorney Fees	$500
Title - Lender's Title Insurance	$563

Services You Can Shop For are provided by persons other than the creditor or mortgage broker and are services that the consumer can shop for and will pay for at settlement. (§ 1026.37(f)(3))

Items listed as **Services You Can Shop For** must use terminology that describes each item and disclose them in ***alphabetical order***. (§ 1026.37(f)(5))

A creditor permits a consumer to shop for an item if the creditor permits the consumer to select the provider of that item, subject to reasonable requirements (such as appropriate licensing of the provider). (§ 1026.19(e)(1)(vi)(A); Comment 19(e)(1)(vi)-1)

Services You Can Shop For might include:

- Pest inspection fee
- Survey fee
- Title – closing agent fee
- Title – closing protection letter fee. (Comment 37(f)(3)-2)

Items that are required for the issuance of title insurance policies may include:

- Examination and evaluation of title evidence to determine the insurability of the title being examined and what items to include or exclude in any title commitment and policy to be issued,

- Preparation and issuance of the title commitment or other document that discloses the status of title, identifies the conditions that must be met before the policy will be issued, and obligates the insurer to issue a policy of title insurance if such conditions are met,

- Resolution of title underwriting issues and taking steps needed to satisfy any conditions for the issuance of title insurance policies,

- Preparation and issuance of the title insurance policies, and

- Payment of premiums for any lender's title insurance coverage. (Comment 37(f)(3)-3)

The creditor must disclose the amount of the premium for the lender's title insurance coverage without any adjustment to the premium that might be made for the simultaneous purchase of an owner's title insurance policy. (Comment 37(f)(3)-3)

Disclose ***no more than 14*** **Services You Can Shop For**. (§ 1026.37(f)(3)(ii)) If there are more than 14 **Services You Can Shop For**, disclose the total amount of the items that exceed 13 with the label Additional Charges. (§ 1026.37(f)(6)(ii)(B))

An addendum to the Loan Estimate ***can be used*** to disclose the additional items. (§ 1026.37(f)(6)(ii))

D. <u>TOTAL LOAN COSTS (A+B+C)</u>

D. TOTAL LOAN COSTS (A + B + C)	**$5,013**

Total Loan Costs is the sum of the subtotals of Origination Charges, Services You Cannot Shop For, and Services You Can Shop For. (§ 1026.37(f)(4))

OTHER COSTS

Other Costs

E. Taxes and Other Government Fees	**$750**
Recording Fees and Other Taxes	$65
Transfer Taxes	$685

E. <u>TAXES AND OTHER GOVERNMENT FEES</u>

Under **Taxes and Other Government Fees,** disclose **Recording Fees and Other Taxes** first and Transfer Taxes second. (§ 1026.37(g)(1))

Recording Fees and Other Taxes are fees assessed by a government authority to record and index the loan and title documents as required under State or local law, together with any charges or fees imposed by a State or local government that are not Transfer Taxes. (Comment 37(g)(1)-1 and -2)

Recording Fees and Other Taxes do not include fees that are based on the Sale Price of the Property or Loan Amount. For example, a fee for recording a subordination that is $20, plus $3 for each page over three pages, is included as **Recording Fees and Other Taxes**; but a fee of $1,250 based on 0.5% of the Loan Amount is included as Transfer Taxes, and not included as **Recording Fees and Other Taxes**. (Comment 37(g)(1)-1).

For example, in the State of Georgia, this would indicate that the Georgia Residential Mortgage Tax flat fee of $10.00 would be included in **Recording Fees and Other Taxes**, while the Georgia Intangible Tax, which is 0.3% of the loan amount, would be included in **Transfer Taxes**.

Transfer Taxes are State and local government fees on mortgages and home sales that are based on the Loan Amount or Sale Price of the Property. The name that is used under State or local law to refer to these amounts is not determinative of whether or not they are disclosed as **Transfer Taxes** on the Loan Estimate. (Comment 37(g)(1)-3)

Disclose only **Transfer Taxes** paid by the consumer on the Loan Estimate. Whether the consumer pays the transfer tax is based on applicable State or local law. For example:

- If a State law indicates a lien can attach to the consumer's acquired property if the charge is not paid, the amount is included as part of **Transfer Taxes**;
- If State or local law is unclear or does not specifically attribute the amount to the seller or consumer, disclose the amount apportioned to the consumer using common practice in the locality of the property. (Comment 38(g)(1)-4)

Transfer taxes to be paid by the seller are not disclosed on the Loan Estimate as Transfer Taxes. (Comment 38(g)(1)-5)

The amount of **Transfer Taxes** disclosed could be modified to the extent the creditor has knowledge of the apportionment of transfer taxes in the contract for sale between the consumer and a seller when it issues the Loan Estimate. (Comment 37(g)-2)

When a creditor does not have the contract of sale when it issues the Loan Estimate, the creditor must use the apportionment of transfer taxes provided for by State or local law, or common practice when State or local law is unclear. (Comment 37(g)(1)-4)

Disclose the sum of all transfer taxes paid by the consumer as **Transfer Taxes**. (§ 1026.37(g)(1)(ii)) No additional items may be listed or deleted in the Taxes and Other Government Fees category. (Comment 37(g)(1)-6)

F. <u>PREPAIDS</u>

F. Prepaids	**$1,992**
Homeowner's Insurance Premium (12 months)	$1,125
Mortgage Insurance Premium (months)	
Prepaid Interest ($28.91 per day for 30 days @ 4.625 %)	$867
Property Taxes (months)	

Prepaids are items to be paid by the consumer in advance of the first scheduled payment of the loan. (§ 1026.37(g)(2))

Prepaids are:

- Homeowner's Insurance Premium
- Mortgage Insurance Premium
- Prepaid Interest
- Property Taxes
- A maximum of three additional items.
- Each item must include the applicable time period covered by the amount to be paid by the consumer and the total amount to be paid. (§ 1026.37(g)(2)(i)-(iv))

G. INITIAL ESCROW PAYMENT AT CLOSING

G. Initial Escrow Payment at Closing					**$1,751**
Homeowner's Insurance	$93.75	per month for	2	mo.	$188
Mortgage Insurance		per month for		mo.	
Property Taxes	$312.50	per month for	5	mo.	$1,563

Initial Escrow Payment at Closing includes items that the consumer will be expected to place into a reserve or escrow account at consummation to be applied to recurring periodic payments. (§ 1026.37(g)(3))

Initial Escrow Payment at Closing includes:

- Homeowner's Insurance
- Mortgage Insurance
- Property Taxes
- A maximum of five other items

Also disclose the amount escrowed per month for each item, the number of months collected at consummation and the total amount paid. (§ 1026.37(g)(3)(i), (ii), (iii), (v))

H. OTHER

H. Other	$563
Owner's Title Insurance (Optional)	$563

Other includes items in connection with the transaction that the consumer is likely to pay or has contracted with a person other than the creditor or loan originator to pay at closing and of which the creditor is aware at the time of issuing the Loan Estimate. (§ 1026.37(g)(4))

Separate insurance, warranty, guarantee or event-coverage products include, for example:

- Owner's title insurance
- Credit life insurance
- Debt suspension coverage
- Debt cancellation coverage
- Warranties of home appliances and systems
- Similar products.

These items are disclosed when coverage is written in connection with a mortgage. These examples would not include additional coverage and endorsements on insurance otherwise required by the creditor. (Comment 37(g)(4)-3)

Items that disclose any premiums paid for separate insurance, warranty, guarantee, or event-coverage products not required by the creditor must include the parenthetical description (optional) at the end of the label. (§ 1026.37(g)(4)(ii))

A maximum of five items can be disclosed as **Other**. (§ 1026.37(g)(4)(iii))

Describe services related to the issuance of title insurance policies with the word Title – at the beginning of the item. When the owner's title insurance premium includes a simultaneous issuance premium, the premium is calculated by taking the full owner's title insurance premium, adding the simultaneous issuance premium for the lender's coverage (if any), and then deducting the full premium for lender's coverage. (Comment 37(g)(4)-2)

When the creditor is aware of those items, **Other** includes for example:

- Commissions of real estate brokers or agents
- Additional payments to the seller to purchase personal property pursuant to the contract of sale
- Homeowner's association and condominium charges associated with the transfer of ownership
- Fees for inspections not required by the creditor but paid by the consumer pursuant to the contract of sale (Comment 37(g)(4)-4)

I. TOTAL OTHER COSTS (E+F+G+H)

I. TOTAL OTHER COSTS (E + F + G + H)	$5,056

This is self-explanatory. Total up all items in Boxes E, F, G and H.

J. TOTAL CLOSING COSTS

J. TOTAL CLOSING COSTS	$7,819
D + I	$10,069
Lender Credits	-$2,250

Total Closing Costs is the sum of Total Loan Costs, Total Other Costs, and Lender Credits. (§1026.37(g)(6))

Lender Credits is the amount of any payments from the creditor to the consumer that do not pay for a particular fee on the Loan Estimate and is disclosed as a negative number. (Comment 37(g)(6)(ii)-1)

For loans where all or a portion of closing costs are offset by a credit or rebate provided by the creditor (sometimes referred to as "no cost" loans), disclose such credit or rebate as Lender Credits. The creditor should ensure that Lender Credits is sufficient to cover the estimated items the creditor represented to the consumer as not being paid by the consumer at consummation, regardless of whether such representations pertained to specific items. (Comment 37(g)(6)(ii)-2)

CALCULATING CASH TO CLOSE

Calculating Cash to Close	
Total Closing Costs (J)	$7,819
Closing Costs Financed (Paid from your Loan Amount)	$0
Down Payment/Funds from Borrower	$25,000
Deposit	-$1,000
Funds for Borrower	$0
Seller Credits	-$3,500
Adjustments and Other Credits	$0
Estimated Cash to Close	**$28,319**

- **Total Closing Costs** is the same amount disclosed as Estimated Closing Costs at the bottom of Page 1 of the Loan Estimate. The amount is disclosed as a positive number. (§ 1026.37(h)(1)(i))

- **Closing Costs Financed (Paid from Your Loan Amount)** is calculated by subtracting the estimated total amount of payments to third parties not otherwise disclosed in the **Loan Costs** section and **Other Costs** section from the Loan Amount disclosed on page 1 of the Loan Estimate (see section 2.2.2 above).

  - If the result of the calculation is a positive number, **Closing Costs Financed (Paid from Your Loan Amount)** is that amount, disclosed as a negative number, but only to the extent that it does not exceed the amount of Lender Credits.

  - If the result of the calculation is zero or negative, then **Closing Costs Financed (paid from Your Loan Amount)** is $0. (Comment 37(h)(1)(ii)-1)

- In a Purchase transaction, **Down Payment/Funds from Borrower** is the difference between the purchase price of the property and the principal amount of the loan, disclosed as a positive number. (§ 1026.37(h)(1)(iii)(A)) However, when the loan amount exceeds the purchase price of the property, disclose $0 as **Down Payment/Funds from Borrower.** (Comment 37(h)(1)(iii)-1)

- In all other transactions, subtract the principal amount of credit extended (excluding any amount disclosed as **Closing Costs Financed (Paid from Your Loan Amount))** from the total amount of all existing debt being satisfied in the transaction.

- When this calculation yields an amount that is positive, **Down Payment/ Funds from Borrower** is that amount.

- If the calculation yields a result that is negative or $0, **Down Payment/Funds from Borrower** is $0. (§ 1026.37(h)(1) (iii)(B))

- **Deposit**

  - In a Purchase transaction, **Deposit** is the amount, disclosed as a negative number, that is paid to the seller or held in trust or escrow by an attorney or other party under the terms of the contract for sale of the property. (§ 1026.37(h)(1)(iv)(A))

  - In all other transactions**, Deposit** is $0. (§ 1026.37(h)(1)(iv)(B))

- **Funds for Borrower**

  - In a Purchase transaction, **Funds for Borrower** is $0. (Comment 37(h)(1)(v)-1)

  - In all other transactions, subtract the principal amount of debt extended (excluding any amount disclosed as **Closing Costs Financed (Paid from Your Loan Amount)**) from the total amount of all existing debt being satisfied in the transaction.

  - When this calculation yields an amount that is negative, then **Funds for Borrower** is that amount.

  - If the calculation yields an amount that is positive or $0, then **Funds for Borrower** is $0. (§ 1026.37(h)(1)(v))

- **Seller Credits** is the total amount that the seller will pay for items included in the **Loan Costs** and **Other Costs** tables, to the extent known, disclosed as a negative number. (§ 1026.37(h)(1)(vi))

- **Adjustments and Other Credits** is the total amount of all items in the **Loan Costs and Other Costs** tables that are paid by persons other than the loan originator, creditor, consumer, or seller, together with any other amounts that are required to be paid by the consumer at closing pursuant to the contract of sale (if any), disclosed as a negative number. (§ 1026.37(h)(1)(vii))

- Examples of items that are paid by persons other than the loan originator, creditor, consumer, or seller include:

  - Gifts from family members, and
  - Credits from a developer or home builder to be applied to items in the **Loan Costs** and **Other Costs** table. (Comment 37(h)(1)(vii)-1 and -2)

- **Adjustments and Other Credits** includes funds provided to the consumer from the proceeds of subordinate financing, local or State housing assistance grants, or other similar sources. (Comment 37(h)(1)(vii)-5)

- Examples of amounts to be paid by the consumer at closing pursuant to the contract of sale include:

    - Charges for personal property to be acquired by the consumer,
    - Prorations for property taxes, and
    - Prorations for homeowner's association dues.

    - Adjustment and Other Credits is reduced by the amount of any such additional charges. (Comment 38(h)(1)(vii)-6)

- **Estimated Cash to Close** is calculated as the sum of the seven other amounts disclosed in the **Estimated Cash to Close** table. (§ 1026.37(h)(1)(viii))

ALTERNATIVE CALCULATING CASH TO CLOSE TABLE FOR TRANSACTIONS WITHOUT A SELLER

CALCULATING CASH TO CLOSE
Loan Amount
Total Closing Costs
Estimated Total Payoffs and Payments
Estimated Cash to Close __ From __ To Borrower
Estimated Closing Costs Financed
(Paid From Your Loan Amount)

An optional **Alternative Calculating Cash to Close** table can be disclosed for transactions without a seller. A creditor that uses the optional Alternative Calculating Cash to Close table must also use the alternative disclosure provisions of the Alternative Costs at Closing table on Loan Estimate page 1. (see section 2.2.4 above; Comment 37(h)(2)-1)

The amount disclosed as **Loan Amount** is the same amount disclosed as Loan Amount on Loan Estimate page 1. (see section 2.2.2 above; § 1026.37(h)(2)(i))

Total Closing Costs is the same amount as **Total Closing Costs** in the **Other Costs** table, disclosed as a negative number. (§ 1026.37(h)(2)(ii))

Estimated Payoffs and Payments is the total amount to be paid to third parties not otherwise disclosed as items in the Loan Costs or Other Costs tables, disclosed as a negative number. (§ 1026.37(h)(2)(iii))

Examples of the Payoffs and Payments to be made to third parties not otherwise disclosed in the Loan Costs or Other Costs tables can include:

- Payoffs of existing liens secured by the property such as mortgages, deeds of trust, judgments that have attached to the property,
- Mechanics' and materialmans' liens,
- Local, State, and Federal tax liens,
- Payments of unsecured outstanding debts of the consumer, and
- Payments to other third parties for outstanding debts of the consumer as required to be paid as a condition for the extension of credit. (Comment 37(h)(2)(iii)-1)

The amount for the **Estimated Cash to Close** is the sum total of the amounts disclosed as **Loan Amount, Total Closing Costs, and Payoffs and Payments**. (§ 1026.37(h)(2)(iv))

Check boxes are used to disclose whether the **Estimated Cash to Close** is either due from the consumer or will be paid to the consumer at consummation. (Comment 37(h)(2)(iv)-1)

Closing Costs Financed is the sum of **Loan Amount and Payoffs and Payments**, but only to the extent the amount is greater than zero and less than or equal to the sum of **Total Closing Costs**. (§ 1026.37(h)(2)(v))

For example:

- If the Loan Amount is $100,000, the Payoffs and Payments is -$80,000, and the Total Closing Costs is $10,000; then the Closing Costs Financed would be $10,000.

- If the Loan Amount is $100,000, the Payoff and Payments is -$95,000, and the Total Closing Costs is $10,000; then the Closing Costs Financed would be $5,000.

- If the Loan Amount is $100,000, the Payoffs and Payments is -$110,000 and the Total Closing Costs is $10,000; then the Closing Costs Financed would be $0.

ADJUSTABLE PAYMENT TABLE

ADJUSTABLE PAYMENT (AP) TABLE
Interest Only Payments?
Optional Payments?
Step Payments?
Seasonal Payments?
Monthly Principal and Interest Payments:
First Change Amount
Subsequent Changes
Minimum Payment

The Adjustable Payment (AP) Table is disclosed when the periodic principal and interest payment may change after consummation, but not because of a change to the interest rate, or the loan is considered to be a Seasonal Payment product. (§ 1026.37(i))

If the loan does not contain these features, the AP Table is not disclosed. (Comment 37(i)-1)

The AP Table includes the following information (§ 1026.37(I)):

- Whether there are Interest Only Payments, and, if so, the period during which the interest only payment would apply (§ 1026.37(i)(1));
- Whether the amount of any periodic payment can be selected by the consumer as an Optional Payment and, if so, the period during which the consumer can select optional payments (§ 1026.37(i)(2));
- Whether the loan is a Step Payment product and, if so, the period during which the regular periodic payments are scheduled to increase (§ 1026.37(i)(3));
- Whether the loan is a Seasonal Payment product, and, if so, the period during which the periodic payments are not scheduled (§ 1026.37(i)(4));
- A subheading of Monthly Principal and Interest Payments (§ 1026.37(i)(5)), that also lists:
    - As First Change/Amount, the number of the payment that may change, counting from the first periodic payment due after consummation, and the amount or range of the periodic principal and interest payment for such payment (§ 1026.37(i)(5)(I));
    - The frequency of Subsequent Changes to the periodic payment (§ 1026.37(i)(5)(ii)); and
    - The Maximum Payment that may be paid during the term of the loan with the number of the

first periodic principal and interest payment that can reach such Maximum Payment amount. (§ 1026.37(i)(5)(iii))

First Change/Amount: If the exact payment number of the first payment adjustment is not known at the time of the Loan Estimate, the earliest possible payment that may change must be disclosed. (Comment 37(i)(5)-2)

Monthly Principal and Interest Payments: The label "Monthly Principal and Interest Payments" can be changed to reflect a payment schedule that is not monthly, such as Biweekly or Annual. (Comment 37(i)(5)-1)

Disclose any scheduled periodic payment that only covers some or all of the interest that is due and not any principal as Monthly Principal and Interest Payments, even though the AP Table refers to Monthly Principal and Interest Payments. (Comment 37(i)(5)-5)

ADJUSTABLE INTEREST RATE (AIR) TABLE

ADJUSTABLE INTEREST RATE (AIR) TABLE
Index + Margin
Initial Interest Rate
Minimum/Maximum Interest Rate
Change Frequency
First Change
Subsequent Changes
Limits on Interest Rate Changes:
First Change
Subsequent Changes

The **Adjustable Interest Rate (AIR) Table** is disclosed when the loan's interest rate may increase after consummation. (§ 1026.37(j)) If the loan's interest rate will not increase after consummation, the **AIR Table** is not disclosed. (Comment 37(j)-1)

The **AIR Table** includes the following information (§ 1026.37(j)):

- As **Index + Margin**, the index upon which adjustments to the interest rate will be based and the margin that is added to the index to determine the interest rate (§ 1026.37(j)(1));

- For **Step Rate** products, the maximum amount of any adjustments to the interest rate that are scheduled and pre-determined (§ 1026.37(j)(2));

- The **Initial Interest Rate** at consummation (§ 1026.37(j)(3));
- The **Minimum/Maximum Interest Rate** for the loan, after any introductory period expires (§ 1026.37(j)(4));

- As **Change Frequency** (§ 1026.37(j)(5)):
  - For **First Change**, list the month when the first interest rate change may occur after consummation (§ 1026.37(j)(5)(i)); and
  - As **Subsequent Changes**, the frequency of interest rate adjustments after the initial adjustment (§ 1026.37(j)(5)(ii)); and
- As **Limits on Interest Rate Changes** (§ 1026.37(j)(6)):
  - As **First Change**, the maximum possible change for the first adjustment of the interest rate after consummation (§ 1026.37(j)(6)(i)); and
  - As **Subsequent Changes**, the maximum possible change for subsequent adjustments of the interest rate. (§ 1026.37(j)(6)(ii)

Index and Margin

The index must be described such that a consumer can reasonably identify it. For example, LIBOR may be used instead of the London Interbank Offered Rate. The margin should be disclosed as a percentage. For example, if the interest rate is calculated by adding 4.25 to LIBOR, the margin should be disclosed as 4.25%. (Comment 37(j)(1)-1)

Maximum/Minimum Interest Rate

The maximum interest rate that applies to the loan under applicable law, such as State usury law, must be disclosed if the loan does not provide for a maximum interest rate. (Comment 37(j)(4)-2)

The minimum interest rate that applies to the loan under applicable law must be disclosed if the loan does not provide for a minimum interest rate. However, if applicable law does not set a minimum interest rate, disclose the amount of the margin as the minimum interest rate. (Comment 37(j)(4)-1)

Change Frequency

Typically, the first change month for the interest rate is scheduled in the terms of the loan, but if the exact month is not known at the time creditor provides the Loan Estimate, the earliest possible month for the first change to the interest rate of the loan must be disclosed based on the best information available to the creditor at the time the Loan Estimate is disclosed. (Comment 37(j)(5)-1)

Limits on Interest Rate Changes

The greatest limit on changes in the interest rate must be disclosed when more than one limit applies to changes in the interest rate. For example, if the initial interest rate adjustment is capped at 2%, the second adjustment is capped at 2.5%, and all subsequent adjustments are capped at 3%, 3% is disclosed as Subsequent Changes. (Comment 37(j)(6)-1)

ADDITIONAL INFORMATION ABOUT THIS LOAN - PAGE 3

Additional Information About This Loan

LENDER	Mortgages "R" Us	MORTGAGE BROKER	
NMLS / ___ LICENSE ID		NMLS / ___ LICENSE ID	
LOAN OFFICER		LOAN OFFICER	
NMLS / ___ LICENSE ID		NMLS / ___ LICENSE ID	
EMAIL		EMAIL	
PHONE	000-555-0000	PHONE	

<u>CONTACT INFORMATION</u>

Disclose the Name and NMLS/___License ID number for the creditor and mortgage broker, if any, and the individual loan officer of both. Also, disclose the Email and/or Phone number of the individual loan officer. The person identified as the individual loan officer must be the primary contact for the consumer. (§ 1026.37(k))

<u>COMPARISONS TABLE</u>

Comparisons	Use these measures to compare this loan with other loans.	
In 5 Years	$83,424 $19,509	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)	5.102%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	85.476%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

The Comparisons table discloses information related to the costs of the loan In Five Years, the

Annual Percentage Rate (APR), and the Total Interest Percentage (TIP).

In 5 Years: In 5 Years includes the following information:

- The total amount the consumer will have paid in principal, interest, mortgage insurance, and loan costs paid through the end of the 60th month after the due date of the first periodic payment; and
- The amount of principal paid through the end of the 60th month after the due date of the first periodic payment. (§ 1026.37(l)(1))

Annual Percentage Rate (APR): Disclose the APR, together with a brief descriptive statement, in the Comparisons table on page 3. For information on how to calculate the APR, see § 1026.22 and appendix J to Regulation Z. (§ 1026.37(l)(2))

Total Interest Percentage (TIP): The TIP is the total amount of interest that the consumer will pay over the loan term, expressed as a percentage of the loan amount. (§ 1026.37(l)(3)) For example, if the Loan Amount is $100,000 and the total amount of interest that the consumer will pay over the Loan Term is $50,000, then the TIP is 50%.

<u>OTHER CONSIDERATIONS</u>

Other Considerations	
Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we ☐ 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.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than *15* days late, we will charge a late fee of *5% of the payment.*
Loan Acceptance	You do not have to accept this loan because you have received this form or signed a loan application.
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.
Servicing	We intend ☐ to service your loan. If so, you will make your payments to us. ☐ to transfer servicing of your loan.

Other Considerations includes the following information:

- Appraisal;
- As Assumption, whether the subsequent purchaser of the property can assume the loan on its original terms;
- At the option of the creditor, a statement that Homeowner's Insurance is required and that the consumer may choose the provider;

- A statement detailing any amount that may be imposed for a Late Payment;
- A statement about the nature of a Refinance of the loan in the future;
- A statement whether the creditor intends to service the loan or transfer it to another servicer; and
- For Refinance transactions, a statement relating to State law protections against Liability After Foreclosure. (§ 1026.37(m))

Appraisal A statement concerning the Appraisal must be provided for:

- Higher-priced Mortgage Loans, and
- Loans covered by the Equal Credit Opportunity Act. (§ 1026.37(m)(1))

If the loan is a Higher-priced Mortgage Loan, but is not covered by the Equal Credit Opportunity Act, the word "promptly" may be removed from the language provided on the model form. (Comment 37(m)(1)-1)

Assumption Check the box either allowing or not allowing assumption of the loan.

Homeowner's Insurance Borrowers may select the insurance company of their choice.

Late Payment An increase in the interest rate triggered by a Late Payment is a charge for late payment. The following are not charges for Late Payment:

- The right of acceleration;
- Fees imposed for actual collection costs;
- Referral and extension charges; or
- Interest charged at the contract rate after the payment due date. (Comment 37(m)(4)-1)

Refinance Self-Explanatory: 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.

Servicing Self-Explanatory: We intend
__ to service your loan. If so, you will make your payments to us.
X to transfer the servicing of your loan.

CONFIRM RECEIPT

The consumer is ***not*** required to sign the Loan Estimate. The creditor may add a signature statement and have the consumer sign page 3 of the Loan Estimate in order to **Confirm Receipt** of the Loan Estimate by the consumer. If used by the creditor, the signature statement must contain the exact language from the model form. (§ 1026.37(n)(1))

If the **Confirm Receipt** table is not used by a creditor, a statement about Loan Acceptance must be included at the end of the **Other Considerations** table that states, “You do not have to accept this loan because you have received this form or signed a loan application.” (§ 1026.37(n)(2))