

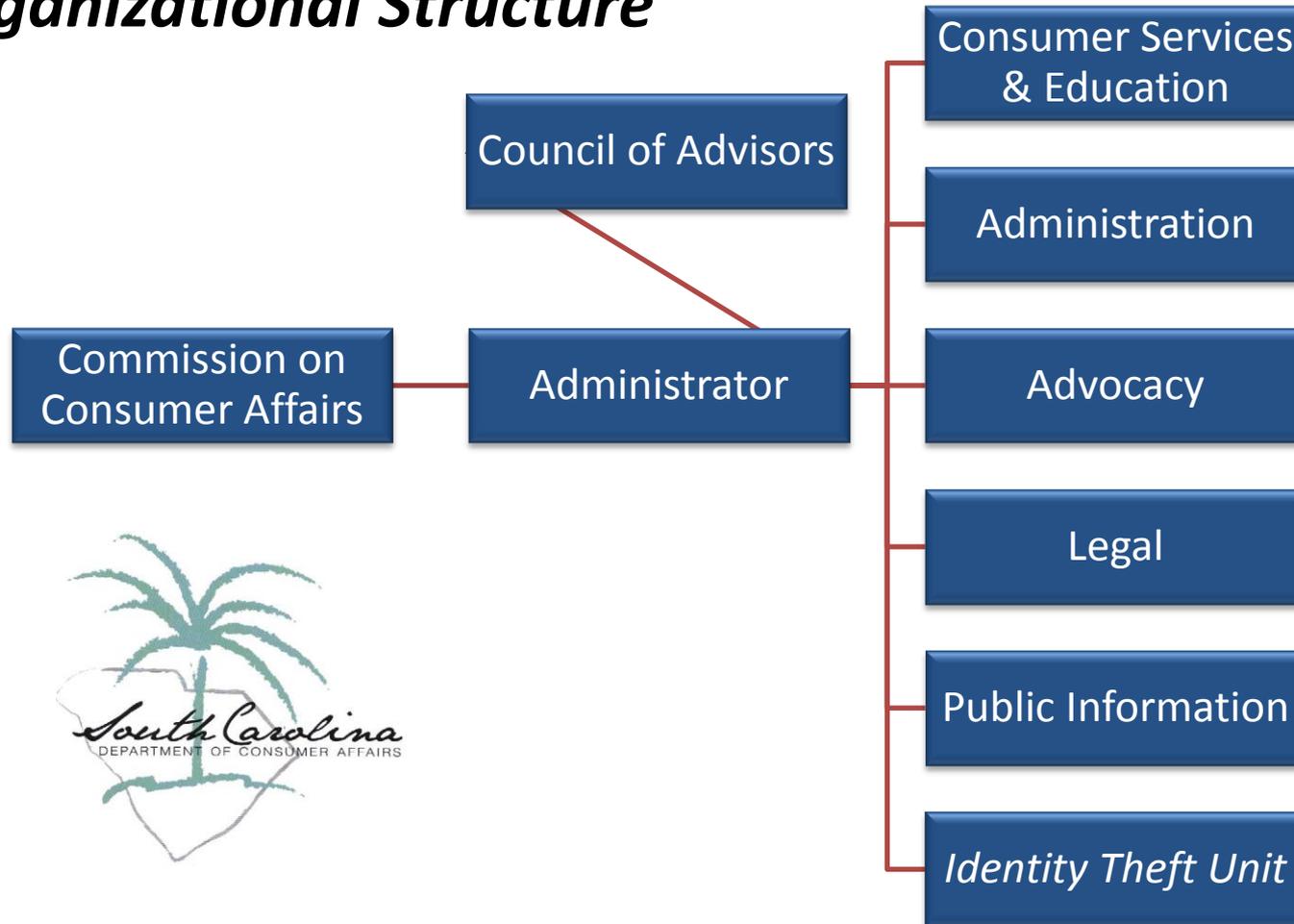
Mortgage Law Update 2015

Rulemaking by the Consumer
Financial Protection Bureau (CFPB)

W. Wesley Johnson, Jr.
Staff Attorney
South Carolina Department
of Consumer Affairs

About SCDCA

- ***Organizational Structure***



Benefits to Consumers

- Combines several forms into two to reduce paperwork overload.
- Use of clear language to explain complicated mortgage loan and real estate transactions.
- Highlighting of important information on first page:
 - Interest rate
 - Monthly payment
 - Total closing costs

Consumer Services Division

- The Consumer Services Division takes and attempts to resolve consumer complaints against businesses, with due regard for the rights of the business.
- The Services Division receives approximately 400 written complaints each month.
- The Division has consistently resolved about 85% of the complaints in a satisfactory manner.
- Vehicles & Debt Collection consistently in top 3 complaint categories

New Online Complaint System



The screenshot displays the website header for the South Carolina Department of Consumer Affairs. The logo on the left features a palm tree and the text 'South Carolina DEPARTMENT OF CONSUMER AFFAIRS'. The main navigation bar includes links for 'HOME', 'CONTACT US', 'FILE A COMPLAINT', and 'LICENSEE LOOKUP'. A blue arrow points to the 'FILE A COMPLAINT' link. Below the navigation bar, a breadcrumb trail reads 'Home > Consumer Information > Complaint Instructions'. The main content area is titled 'Consumer Complaints' and contains introductory text about the South Carolina Department of Consumer Affairs (SCDCA).

QUICK LINKS ▶

HOME CONTACT US FILE A COMPLAINT LICENSEE LOOKUP

[Home](#) > [Consumer Information](#) > Complaint Instructions

Consumer Complaints

The South Carolina Department of Consumer Affairs (SCDCA) is the state consumer protection agency and has the role of receiving and mediating consumer complaints. SCDCA encourages consumers to contact the business first to try and

Administration Division

- Provides support for the other Divisions including personnel, accounting, data processing and purchasing
- Processes regulatory filings for:
 - Maximum Rate—creditors charging in excess of 18%
 - Credit Grantor Notification—creditors grossing over \$150,000 annual
 - Motor Vehicle Dealer Closing Costs— Dealers charging a closing (“doc”) fee

Consumer Advocacy Division

- Represents the public at large in intervening in insurance rate cases/ filings. Includes workers' compensation, auto, home, etc.
- Administers & enforces the following regulatory programs:
 - Continuing Care Retirement Communities
 - Discount Medical Plan Organizations
 - Professional Employer Organizations

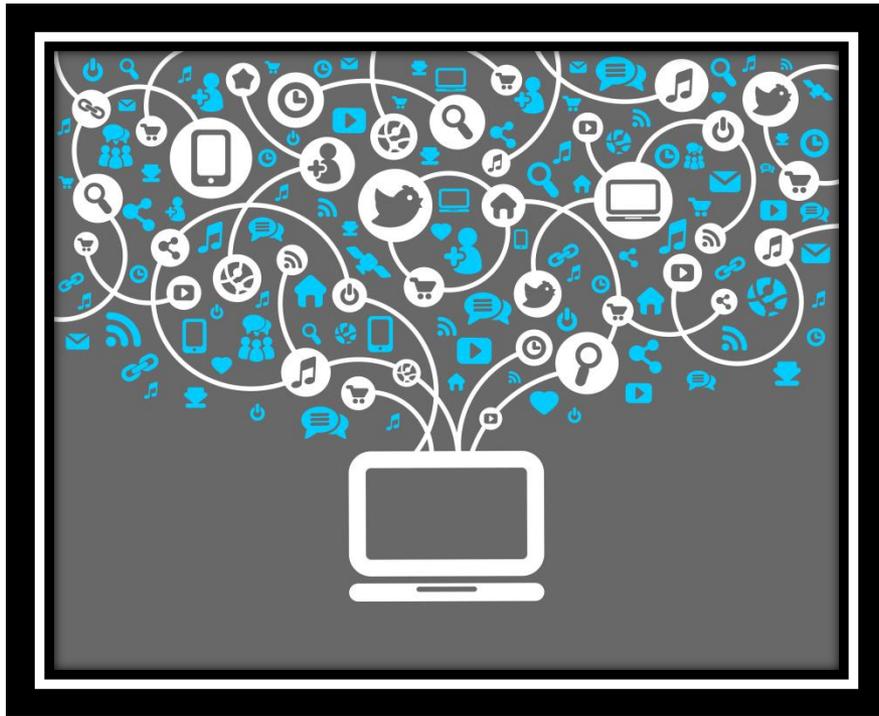
Legal Division

- The Legal Division helps the Administrator to administer and enforce the Consumer Protection Code and various other laws that have been assigned to the Department for Regulation.
 - Can investigate and bring enforcement actions, both administratively and in court, for violations of the Consumer Protection Code and various other laws.
- Process regulatory filings.

Public Information Division

- Serves as the main consumer education portal for consumers, business and media
- Launched SCDCA-TV on YouTube; Twitter
- Staff also makes presentations and sponsors webinars on ID Theft, debt collection, foreclosures, credit and other popular topics
- Disseminates press releases and consumer education brochures

Connect With Us: Social Media



Connect With Us On:



SCDCA-TV

@SCDCA

[facebook.com/SCDepartmentofConsumerAffairs](https://www.facebook.com/SCDepartmentofConsumerAffairs)

Identity Theft Unit



- Launched October 1, 2013
- **Education:** Offer consumer education and outreach programs and build partnerships to increase awareness of identity theft and related consumer protection laws.
- **Guidance:** Staff provides guidance and direction to consumers regarding identity theft issues (“detect, deter, defend”) and scams, sample forms/letters and checklists. Answers hundreds of calls per month pertaining to identity theft and consumer scams.
- **Enforcement:** General administration and enforcement of state and federal identity theft laws.

Identity Theft Unit

- Field scam reports
- Answer identity theft questions
- Assist in identity theft mitigation
- Receive and ensure compliance of security breach notices
- Outreach/education

Benefits to Consumers

- More information about cost of taxes and insurance
- Information about interest rate and payment changes on adjustable rate loans
- Warnings
 - Pre-payment penalties
 - Increase in loan balance even if payments made on time

Benefits to Consumers

- More reliable cost estimates
- Prohibits increases in charges from lenders and affiliates
- Prohibits changes to charges for services the lender does not permit customer to shop for unless specific exemption applies (information provided by customer is inaccurate or when consumer asks for change in services)

Benefits to Consumers

- Requires lender to provide closing disclosure at least three days before loan closes.
- Will allow consumer to compare final terms and costs to terms and costs they received in the estimate.
- Allows more time to question

Why the Change?

- For more than 30 years, Federal law has required lenders to provide two different disclosure forms to consumers applying for a mortgage. The law also generally has required two different forms at or shortly before closing on the loan. Two different Federal agencies developed these forms separately, under two Federal statutes: the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act of 1974 (RESPA). The information on these forms is overlapping and the language is inconsistent. Consumers often find the forms confusing, and lenders and settlement agents find the forms burdensome to provide and explain.

Why the Change?

- Consumers often find the forms confusing, and lenders and settlement agents find the forms burdensome to provide and explain.
- The Dodd-Frank Act directs the CFPB to integrate the mortgage loan disclosures under TILA and RESPA Sections 4 and 5. After issuing the proposal, a study indicated the Bureau's integrated disclosures had on average statistically significant better performance than the current disclosures under TILA and RESPA.
- The Bureau has now finalized a rule with new, integrated disclosures - Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z) (78 FR 7973, Dec. 31, 2013) (TILA-RESPA rule). The TILA-RESPA rule also provides a detailed explanation of how the forms should be filled out and used.

Why the Change?

- Good Faith Estimate (GFE) and the initial Truth-in-Lending disclosure (initial TIL) have been combined into a new form, the **Loan Estimate**. Similar to those forms, the new **Loan Estimate** form is designed to provide disclosures that will be helpful to consumers in understanding the key features, costs, and risks of the mortgage loan for which they are applying, and must be provided to consumers no later than the third **business day** after they submit a loan **application**.
- Second, the HUD-1 and final Truth-in-Lending disclosure (final TIL and, together with the initial TIL, the Truth-in-Lending forms) have been combined into another new form, the **Closing Disclosure**, which is designed to provide disclosures that will be helpful to consumers in understanding all of the costs of the transaction. This form must be provided to consumers at least three **business days** before **consummation** of the loan.

Why the Change?

- The forms use clear language and design to make it easier for consumers to locate key information, such as interest rate, monthly payments, and costs to close the loan. The forms also provide more information to help consumers decide whether they can afford the loan and to facilitate comparison of the cost of different loan offers, including the cost of the loans over time.
- The final rule applies to most closed-end consumer mortgages. It does not apply to home equity lines of credit (HELOCs), reverse mortgages, or mortgages secured by a mobile home or by a dwelling that is not attached to real property (*i.e.*, land). The final rule also does not apply to loans made by persons who are not considered “creditors,” because they make five or fewer mortgages in a year.
- The TILA-RESPA rule is effective August 1, 2015.

What transactions does the rule cover?

- The TILA-RESPA rule applies to most closed-end consumer credit transactions secured by real property. Credit extended to certain trusts for tax or estate planning purposes is **not exempt** from the TILA-RESPA rule.

Effective Date

- The new Integrated Disclosures must be provided by a creditor or mortgage broker that receives an **application** from a consumer for a closed-end credit transaction secured by real property on or after August 1, 2015.
- Creditors will still be required to use the GFE, HUD-1, and Truth-in-Lending forms for **applications** received prior to August 1, 2015.

What Transactions are Exempt?

- HELOCs;
- Reverse mortgages; or
- Chattel-dwelling loans, such as loans secured by a mobile home or by a dwelling that is not attached to real property (*i.e.*, land).
- Consistent with the current rules under TILA, the rule also does not apply to loans made by a person or entity that makes five or fewer mortgages in a calendar year and thus is not a **creditor**.

The Loan Estimate Disclosure

- The creditor is required to provide the consumer with good-faith estimates of credit costs and transaction terms on a new form called the **Loan Estimate**. This form integrates and replaces the existing RESPA GFE and the initial TIL for these transactions. The creditor is generally required to provide the **Loan Estimate** within three-business days of the receipt of the consumer's loan **application** (see section 6.1 below on the timing requirements of the **Loan Estimate**). (§ 1026.19(e)(1))
- **Loan Estimate must contain a good faith estimate of credit costs and transaction terms.** If any information necessary for an accurate disclosure is unknown, the creditor must make the disclosure based on the best information reasonably available at the time the disclosure is provided to the consumer, and use due diligence in obtaining the information.

The Loan Estimate Disclosure

- **Delivery must satisfy the timing and method of delivery requirements.** The creditor is responsible for delivering the **Loan Estimate** or placing it in the mail no later than the third business day after receiving the application.
- **Creditors may only use revised or corrected Loan Estimates when specific requirements are met.** Creditors generally may not issue revisions to **Loan Estimates** because they later discover technical errors, miscalculations, or underestimations of charges. Creditors are permitted to issue revised **Loan Estimates** only in certain situations such as when changed circumstances result in increased charges.
- **In certain situations, mortgage brokers may provide a Loan Estimate.** As discussed in more detail in section 6.3 below, if a mortgage broker receives a consumer's **application**, either the creditor or the mortgage broker may provide the **Loan Estimate**.

Loan Estimate Form

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED
APPLICANTS

LOAN TERM
PURPOSE
PRODUCT
LOAN TYPE Conventional FHA VA _____
LOAN ID #
RATE LOCK NO YES, until

PROPERTY
SALE PRICE

Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on

Loan Terms	Can this amount increase after closing?
Loan Amount	
Interest Rate	
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
	Does the loan have these features?
Prepayment Penalty	
Balloon Payment	
Projected Payments	
Payment Calculation	
Principal & Interest	
Mortgage Insurance	
Estimated Escrow <i>Amount can increase over time</i>	
Estimated Total Monthly Payment	
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	<p>This estimate includes</p> <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>
	In escrow?
Costs at Closing	
Estimated Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs - _____ in Lender Credits. See page 2 for details.
Estimated Cash to Close	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 Form

- 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))

Loan Estimate Form (p. 2)

Closing Cost Details

Loan Costs

A. Origination Charges
% of Loan Amount (Points)

B. Services You Cannot Shop For

C. Services You Can Shop For

D. TOTAL LOAN COSTS (A + B + C)

Adjustable Payment (AP) Table

Interest Only Payments?	
Optional Payments?	
Step Payments?	
Seasonal Payments?	
Monthly Principal and Interest Payments	
First Change/Amount	
Subsequent Changes	
Maximum Payment	

LOAN ESTIMATE

Other Costs

E. Taxes and Other Government Fees
Recording Fees and Other Taxes
Transfer Taxes

F. Prepaids

Homeowner's Insurance Premium (months)
Mortgage Insurance Premium (months)
Prepaid Interest (per day for days @)
Property Taxes (months)

G. Initial Escrow Payment at Closing

Homeowner's Insurance per month for mo.
Mortgage Insurance per month for mo.
Property Taxes per month for mo.

H. Other

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

J. TOTAL CLOSING COSTS

D + I
Lender Credits

Calculating Cash to Close

Total Closing Costs (J)
Closing Costs Financed (Paid from your Loan Amount)
Down Payment/Funds from Borrower
Deposit
Funds for Borrower
Seller Credits
Adjustments and Other Credits

Estimated Cash to Close

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	

PAGE 2 OF 3 - LOAN ID #

Loan Estimate Form (p.2)

- Four main categories of charges 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 to show the consumer how the amount of cash needed at closing is calculated. (§ 1026.37(h))
- 3. For transactions with adjustable monthly payments, an **Adjustable Payment (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))

Loan Estimate Form(p.3)

- Page 3 of the **Loan Estimate** contains **Contact information**, a **Comparisons** table, an **Other Considerations** table, and, if desired, a **Signature Statement** for the consumer to sign to acknowledge receipt. (See § 1026.37(k), (l), (m), and (n))

Delivery of the Loan Estimate

- Generally, the creditor is responsible for ensuring that it delivers or places in the mail the **Loan Estimate** form no later than the third **business day** after receiving the consumer's **application**.
- The Loan Estimate must also be delivered or placed in the mail no later than the seventh business day before consummation of the transaction. (See § 1026.19(e)(1)(iii)(B))
- The creditor also is responsible for ensuring that the **Loan Estimate** and its delivery meet the content, delivery, and timing requirements discussed in sections 5, 6, 7, 8, and 9 of this guide. (See §§ 1026.19(e) and 1026.37)

Waiver of Seven-Business Day Period?

- The consumer may modify or waive the **seven-business-day waiting period** after receiving the **Loan Estimate** if the consumer has a **bona-fide personal financial emergency** that necessitates consummating the credit transaction before the end of the waiting period.
- Whether a consumer has a **bona fide personal financial emergency** is determined by the facts surrounding the consumer's individual situation. (See § 1026.19(e)(1)(v); Comment 19(e)(1)(v)-1). 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)).

Can a mortgage broker provide a Loan Estimate on the creditor's behalf?

- Yes. If a mortgage broker receives a consumer's **application**, the mortgage broker may provide the **Loan Estimate** to the consumer on the creditor's behalf. (§ 1026.19(e)(1)(ii))
- The provision of a **Loan Estimate** by a mortgage broker satisfies the creditor's obligation to provide a **Loan Estimate**. However, any such creditor is expected to maintain communication with mortgage brokers to ensure that the **Loan Estimate** and its delivery satisfy the requirements described above, and the creditor is legally responsible for any errors or defects. (§ 1026.19(e)(1)(ii); Comment 19(e)(1)(ii) -1 and -2)
- If a mortgage broker provides the **Loan Estimate** to a consumer, the mortgage broker must comply with the three year record retention requirement discussed in section 2.3 above. (Comment 19(e)(1)(ii)-1)

What triggers an obligation to provide a Loan Estimate?

- An **application** means the submission of a consumer's financial information for purposes of obtaining an extension of credit. For transactions subject to § 1026.19(e), (f), or (g), 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.
- An **application** may be submitted in written or electronic format, and includes a written record of an oral application. (Comment 2(a)(3)-1)

General accuracy requirement for the Loan Estimate disclosures

- Creditors are responsible for ensuring that the figures stated in the **Loan Estimate** are made in **good faith** and consistent with the best information reasonably available to the creditor at the time they are disclosed. (§ 1026.19(e)(3); Comment 19(e)(3)(iii)-1 through -3)
- 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 charges paid by or imposed on the consumer in the **Closing Disclosure**. (§ 1026.19(e)(3)(i) and (ii))
- Generally, if the charge paid by or imposed on the consumer **exceeds** the amount originally 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.

Are creditors allowed to charge more than disclosed on the Loan Estimate?

- Yes. A creditor may charge the consumer more than the amount disclosed in the **Loan Estimate** in specific circumstances, described below:
- Certain variations between the amount disclosed and the amount charged are expressly permitted by the TILA-RESPA rule (See section 7.3 below for additional information on which variations are possible) (§ 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)) (See sections 7.5 and 7.10 below); or
- **Changed circumstances** permit a revised **Loan Estimate** or a **Closing Disclosure** that permits the charge to be changed. (§ 1026.19(e)(3)(iv))

No tolerance limitation on changes

- For certain costs or terms, creditors are permitted to charge consumers more than the amount disclosed on the **Loan Estimate** without any **tolerance** limitation.
- Prepaid interest; property insurance premiums; amounts placed into an escrow, impound, reserve or similar account. (§ 1026.19(e)(3)(iii)(A)-(C))
- 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 more 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))

Charges subject to 10% limit

- 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 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))
- Recording fees (Comment 19(e)(3)(ii)-4);
- Charges for third-party services where:
 - The charge is not paid to the creditor or the creditor's affiliate (§ 1026.19(e)(3)(ii)(B)); 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**. (§ 1026.19(e)(3)(ii)(C); § 1026.19(e)(1)(vi); Comment 19(e)(1)(vi)-1 through 7)).

0% Tolerance

- For all other charges, creditors are not permitted to charge consumers more than the amount disclosed on the **Loan Estimate** under any circumstances other than **changed circumstances** that permit a revised **Loan Estimate**.
- These **zero tolerance** charges are:
- 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)(C)); or
- Transfer taxes. (Comments 19(e)(3)(i)-1 and -4)

Closing Disclosure

- For loans that require a **Loan Estimate** and that proceed to closing, creditors must provide a new final disclosure reflecting the actual terms of the transaction called the **Closing Disclosure**. The form integrates and replaces the existing HUD-1 and the final TIL disclosure for these transactions. The creditor is generally required to ensure that the consumer receives the **Closing Disclosure** no later than **three business days** before **consummation** of the loan. (§ 1026.19(f)(1)(ii))
- **The Closing Disclosure generally must contain the actual terms and costs of the transaction.** (§ 1026.19(f)(1)(i)). Creditors may estimate disclosures using the best information reasonably available when the actual term or cost is not reasonably available to the creditor at the time the disclosure is made. However, creditors must act in **good faith** and use due diligence in obtaining the information. The creditor normally may rely on the representations of other parties in obtaining the information, including, for example, the settlement agent. The creditor is required to provide corrected disclosures containing the actual terms of the transaction at or before **consummation**. (Comments 19(f)(1)(i)-2, -2.i, and -2.ii)
- **The Closing Disclosure must be in writing and contain the information prescribed in § 1026.38.** The creditor must disclose only the specific information set forth in § 1026.38(a) through (s), as shown in the Bureau's form in appendix H-25. (§ 1026.38(t))

Closing Disclosure

- **If the actual terms or costs of the transaction change prior to consummation**, the creditor must provide a corrected disclosure that contains the actual terms of the transaction and complies with the other requirements of § 1026.19(f), including the timing requirements, and requirements for providing corrected disclosures due to subsequent changes. (Comment 19(f)(1)(i)-1)
- **New three-day waiting period.** If the creditor provides a corrected disclosure, it may also be required to provide the consumer with an additional **three-business-day waiting period** prior to consummation. (§ 1026.19(f)(2)) (See section 12 below for a discussion of the redisclosure requirements for the **Closing Disclosure**)

Closing Disclosure (p. 1)

Closing Disclosure

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

Closing Information	Transaction Information	Loan Information
Date Issued	Borrower	Loan Term
Closing Date		Purpose
Disbursement Date	Seller	Product
Settlement Agent		Loan Type <input type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #	Lender	<input type="checkbox"/> VA <input type="checkbox"/> _____
Property		Loan ID #
Sale Price		MIC #

Loan Terms

Can this amount increase after closing?
Loan Amount
Interest Rate
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>

Does the loan have these features?

Prepayment Penalty
Balloon Payment

Projected Payments

Payment Calculation
Principal & Interest
Mortgage Insurance
Estimated Escrow <i>Amount can increase over time</i>
Estimated Total Monthly Payment

Estimated Taxes, Insurance & Assessments	This estimate includes	In escrow?
<i>Amount can increase over time See page 4 for details</i>	<input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	

Costs at Closing

Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs - <i>In Lender Credits. See page 2 for details.</i>
Cash to Close	Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>

Closing Disclosure (p.1)

- General information, the **Loan Terms** table, the **Projected Payments** table, and the **Costs at Closing** table are disclosed on the first page of the **Closing Disclosure**. (§ 1026.38(a), (b), (c), and (d))

Closing Disclosure (p.2)

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges					
01 % of Loan Amount (Points)					
02					
03					
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For					
01					
02					
03					
04					
05					
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01					
02					
03					
04					
05					
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					
Other Costs					
E. Taxes and Other Government Fees					
01 Recording Fees	Deed:		Mortgage:		
02					
F. Prepays					
01 Homeowner's Insurance Premium (mo.)					
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (per day from to)					
04 Property Taxes (mo.)					
05					
G. Initial Escrow Payment at Closing					
01 Homeowner's Insurance	per month for	mo.			
02 Mortgage Insurance	per month for	mo.			
03 Property Taxes	per month for	mo.			
04					
05					
06					
07					
08 Aggregate Adjustment					
H. Other					
01					
02					
03					
04					
05					
06					
07					
08					
I. TOTAL OTHER COSTS (Borrower-Paid)					
Other Costs Subtotals (E + F + G + H)					
J. TOTAL CLOSING COSTS (Borrower-Paid)					
Closing Cost Subtotals (D + I)					
Lender Credits					

Closing Disclosure (p. 2)

- The **Loan Costs** and **Other Costs** tables are disclosed under the heading Closing Cost Details on page 2 of the **Closing Disclosure**. (§ 1026.38(f), (g), and (h)). The number of items in the **Loan Costs** and **Other Costs** tables can be expanded and deleted to accommodate the disclosure of additional line items and keep the **Loan Costs** and **Other Costs** tables on page 2 of the **Closing Disclosure**. (§ 1026.38(t)(5)(iv)(A); Comment 38(t)(5)(iv)-2)
- However, items that are required to be disclosed even if they are not charged to the consumer (such as Points in the Origination Charges subheading) cannot be deleted. (Comment 38(t)(5)(iv)-1)
- The **Loan Costs** and **Other Costs** tables can be disclosed on two separate pages of the **Closing Disclosure**, but only if the page cannot accommodate all of the costs required to be disclosed on one page. (§ 1026.38(t)(5)(iv)(B); Comment 38(t)(5)(iv)-2)

Closing Disclosure (p.3)

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

Summaries of Transactions		Use this table to see a summary of your transaction.	
BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing		M. Due to Seller at Closing	
01 Sale Price of Property		01 Sale Price of Property	
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)		03	
04		04	
05		05	
06		06	
07		07	
08		08	
Adjustments		Adjustments for Items Paid by Seller in Advance	
09		09 City/Town Taxes to	
10		10 County Taxes to	
11		11 Assessments to	
12		12	
13		13	
14		14	
15		15	
16		16	
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
09 City/Town Taxes to		09 City/Town Taxes to	
10 County Taxes to		10 County Taxes to	
11 Assessments to		11 Assessments to	
12		12	
13		13	
14		14	
15		15	
16		16	
L. Paid Already by or on Behalf of Borrower at Closing		N. Due from Seller at Closing	
01 Deposit		01 Excess Deposit	
02 Loan Amount		02 Closing Costs Paid at Closing (J)	
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
04		04 Payoff of First Mortgage Loan	
05 Seller Credit		05 Payoff of Second Mortgage Loan	
06		06	
07		07	
08		08 Seller Credit	
09		09	
10		10	
11		11	
12		12	
13		13	
Other Credits		Adjustments for Items Unpaid by Seller	
06		14 City/Town Taxes to	
07		15 County Taxes to	
08		16 Assessments to	
09		17	
10		18	
11		19	
12		20	
13		21	
14		22	
15		23	
16		24	
17		25	
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
12 City/Town Taxes to		14 City/Town Taxes to	
13 County Taxes to		15 County Taxes to	
14 Assessments to		16 Assessments to	
15		17	
16		18	
17		19	
CALCULATION		CALCULATION	
Total Due from Borrower at Closing (K)		Total Due to Seller at Closing (M)	
Total Paid Already by or on Behalf of Borrower at Closing (L)		Total Due from Seller at Closing (N)	
Cash to Close <input type="checkbox"/> From <input type="checkbox"/> To Borrower		Cash <input type="checkbox"/> From <input type="checkbox"/> To Seller	

Closing Disclosure (p.3)

- On page 3 of the **Closing Disclosure**, the **Calculating Cash to Close** table and **Summaries of Transactions** tables are disclosed. (§ 1026.38(i), (j), and (k)). For transactions without a seller, a **Payoffs and Payments** table may be substituted for the **Summaries of Transactions** table and placed before the alternative **Calculating Cash to Close** table. (§ 1026.38(e) and (t)(5)(vii)(B)). For example, see page 3 of form H-25(J) of appendix H to Regulation Z.

Closing Disclosure (p.4)

Additional Information About This Loan

Loan Disclosures

Assumption

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

Demand Feature

Your loan

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

Late Payment

If your payment is more than ___ days late, your lender will charge a late fee of _____.

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

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

Partial Payments

Your lender

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

Security Interest

You are granting a security interest in _____

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

Adjustable Payment (AP) Table

Interest Only Payments?	
Optional Payments?	
Step Payments?	
Seasonal Payments?	
Monthly Principal and Interest Payments	
First Change/Amount	
Subsequent Changes	
Maximum Payment	

CLOSING DISCLOSURE

Escrow Account

For new your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow	
Escrowed Property Costs over Year 1	Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1	Estimated total amount over year 1 for your non-escrowed property costs: You may have other property costs.
Initial Escrow Payment	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	The amount included in your total monthly payment.

- will not have an escrow account because you declined it your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow

Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

In the future

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

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	

PAGE 4 OF 5 - LOAN ID #

Closing Disclosure (p.4)

- On page 4 of the **Closing Disclosure, Loan Disclosures, Adjustable Payment, and Adjustable Interest Rate (AIR)** tables are shown with the heading **Additional Information About This Loan.** (§ 1026.38(l), (m), and (n))

Closing Disclosure (p.5)

Loan Calculations	
Total of Payments. Total you will have said after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	
Finance Charge. The dollar amount the loan will cost you.	
Amount Financed. The loan amount available after paying your upfront finance charge.	
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	



Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Other Disclosures
<p>Appraisal If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.</p>
<p>Contract Details See your note and security instrument for information about</p> <ul style="list-style-type: none"> • what happens if you fail to make your payments. • what is a default on the loan, • situations in which your lender can require early repayment of the loan, and • the rules for making payments before they are due.
<p>Liability after Foreclosure If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,</p> <p><input type="checkbox"/> state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.</p> <p><input type="checkbox"/> state law does not protect you from liability for the unpaid balance.</p>
<p>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.</p>
<p>Tax Deductions If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.</p>

Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name					
Address					
NMLS ID					
License ID					
Contact					
Contact NMLS ID					
Contact License ID					
Email					
Phone					

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

Applicant Signature _____ Date _____ Co-Applicant Signature _____ Date _____

CLOSING DISCLOSURE PAGE 5 OF 5 • LOAN ID #

Closing Disclosure (p.5)

- Disclose **Loan Calculations, Other Disclosures, Questions Notice, Contact Information**, and, if desired by the creditor, **Confirm Receipt** tables on page 5 of the **Closing Disclosure**. (§ 1026.38(o), (p), (q), and (r))

Can a settlement agent provide the Closing Disclosure?

- Yes. Creditors may contract with settlement agents to have the settlement agent provide the **Closing Disclosure** to consumers on the creditor's behalf. (§ 1026.19(f)(1)(v)). Creditors and settlement agents also may agree to divide responsibility with regard to completing the **Closing Disclosure**, with the settlement agent assuming responsibility to complete some or all the **Closing Disclosure**. (Comment 19(f)(1)(v)-4)
- Any such creditor must maintain communication with the settlement agent to ensure that the **Closing Disclosure** and its delivery satisfy the requirements described above, and the creditor is legally responsible for any errors or defects. (§ 1026.19(f)(1)(v) and Comment 19(f)(1)(v)-3)

Proposed Regulations

- Document No. 4549
- **DEPARTMENT OF CONSUMER AFFAIRS**
- CHAPTER 28
- Statutory Authority: 1976 Code Sections 40-58-10 et seq.,
- particularly Section 40-58-100
-
- 28-400. Licensing of Mortgage Brokers

Proposed Regulations

- Licensing of Mortgage Brokers.
-
- (Statutory Authority: 1976 Code Section 40-58-100 (as amended), 12 USC 5101 et seq., and 12 CFR Part 1008)
-
- A. Definitions – Definitions shall be those contained in the Licensing of Mortgage Brokers Act, S.C. Code Ann. Section 40-58-10 et seq.; Secure and Fair Enforcement for Mortgage Licensing Act of 2008, 12 USC 5101 et seq.; S.A.F.E. Mortgage Licensing Act, 12 CFR Part 1008 and the following:
-
- (1) Act – means the Licensing of Mortgage Brokers Act, S.C. Code Ann. Section 40-58-10 et seq.
-
- (2) Co-brokering – means any sharing, regardless of percentage, of mortgage broker services or fees by two or more licensed mortgage brokers on behalf of a borrower.
-
- (3) Day – means all calendar days including Saturdays, Sundays and legal public holidays.
-
- (4) Employee for purposes of compliance with the federal income tax laws – means a natural person whose manner and means of performance of work are subject to the right of control of, or are controlled by, a person, and whose compensation for Federal income tax purposes is reported, or required to be reported, on a W-2 form issued by the controlling person. (See IRS Publication 1779 and Form SS-8).
-

Proposed Regulations

- (5) Loan correspondent – means a person engaged in the business of making mortgage loans as a third party originator and who does not engage in all three of the following activities with respect to each mortgage loan: underwrite the mortgage loan by their employees, approve the mortgage loan, and fund the mortgage loan utilizing an unrestricted warehouse or credit line. A loan correspondent is not a mortgage lender for purposes of compliance with S.C. Code Section 37-22-110 et seq.
-
- (6) Loss mitigation – means the practice of offering to provide or providing, in a for profit context, a service, plan, or program that is represented expressly or by implication to assist the borrower to prevent, delay, or otherwise avoid foreclosure, including, but not limited to, loan modifications, short sales, and deeds in lieu of foreclosure. This definition does not include persons acting exclusively for or as a bona fide nonprofit organization as determined by the Department or mortgage lenders/servicers licensed pursuant to S.C. Code Section 37-22-110 et seq., when acting for mortgage loans they own or service.

Proposed Regulations

- B. Licensing of Independent Contractor Processors or Underwriters
-
- (1) Independent contractor processors or underwriters, including those currently licensed as mortgage lenders/servicers pursuant to S.C. Code Section 37-22-110 et seq., shall comply with the Act, except for the following provisions:
-
- (a) Section 40-58-65(A) maintaining a mortgage log;
-
- (b) Section 40-58-65(B) maintaining an in-state office;
-
- (c) Section 40-58-75 completing a mortgage broker fee agreement;
-
- (d) Section 40-58-78 additional disclosures on mortgage broker fee agreement;
-
- (e) Sections 40-58-120(A), (B) and (C) annual report for loans originated, however an annual report for gross revenue is required.
-
- (2) Independent Contractor Processors or Underwriters shall not originate mortgage loans.

Proposed Regulations

- C. All South Carolina mortgage loans are subject to the provisions of all South Carolina and federal law related to mortgage loans, including, but not limited to, the Real Estate Settlement Procedures Act of 1974 (RESPA) 12 USC Section 2601 et seq.
-
- D. Reports
-
- (1) Mortgage log required pursuant to Section 40-58-65(A) shall:
-
- (a) be completed electronically as required by the Department. The licensee is responsible for all costs associated with the electronic filing, and
-
- (b) include all mortgage loans or applications where a credit report is requested, regardless of whether a mortgage loan is originated or modified.
-
- (2) Annual report required by Section 40-58-120 shall be:
-
- (a) completed as a mortgage call report (MCR) (See Secure and Fair Enforcement for Mortgage Licensing Act of 2008, 12 USC 5101 et seq.; Safe Mortgage Licensing Act, 24 CFR Part 3400 and Staff Commentary), and
-
- (b) submitted electronically on a quarterly basis as required by the Nationwide Mortgage Licensing System and Registry (NMLS&R) by the mortgage broker for all locations and loan originators.
-
- (3) The Department at its discretion may require or accept an Expanded Mortgage Call Report filed through the Nationwide Mortgage Licensing System & Registry (NMLS&R) or similar filing in lieu of the annual report required by Section 40-58-120.

Proposed Regulations

- E. Licensing for loss mitigation activities. Persons providing or offering to provide loss mitigation shall comply with the Act unless the Department has determined the person is exempt pursuant to Section 40-58-20(16) and Sections (A)(6) and (F) herein.
-
- F. Bona fide Nonprofit Organizations (12 CFR 1008.103(e)(7)).
-
- (1) The Department may consider an organization a bona fide nonprofit organization based on but not limited to the following minimum criteria:
-
- (a) Has the status of a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986;
-
- (b) Promotes affordable housing or provides homeownership education, or similar services;
-
- (c) Conducts its activities in a manner that serves public or charitable purposes, rather than commercial purposes;
-
- (d) Receives funding and revenue and charges fees in a manner that does not incentivize it or its employees to act other than in the best interests of its clients;
-
- (e) Compensates its employees in a manner that does not incentivize employees to act other than in the best interests of its clients; and
-
- (f) Provides or identifies for the borrower mortgage loans with terms favorable to the borrower and comparable to mortgage loans and housing assistance provided under government housing assistance programs.

Proposed Regulations

- (2) Bona fide nonprofit organizations must file for an initial determination and annually for renewal of this determination by the Department. Annual renewals must be filed by December 31st using forms and procedures as required by the Department.
-
- (3) Bona fide nonprofit organizations may use the Nationwide Mortgage Licensing System for initial and renewal filings; however, they will be required to pay any associated processing fees.

CFPB's manufactured housing report

- **Majority of manufactured housing loans considered higher priced:** In 2012, about 68 percent of all manufactured-housing purchase loans were considered “higher-priced mortgage loans,” compared with only 3 percent of site-built home loans. Mortgages are considered higher-priced under certain consumer protection laws if they have an annual percentage rate higher than a benchmark rate that is based on average interest rates, fees, and other terms on mortgages offered to highly qualified borrowers. Many of these higher-priced mortgage loans financing manufactured housing were chattel loans.

CFPB's manufactured housing report

- **Two out of three manufactured-home owners eligible for mortgages finance with more expensive personal property loans instead:**
Manufactured-home owners that own the land their home sits on are eligible to take out mortgages to finance the purchase of their manufactured home. Of those homeowners, the Bureau estimates about two-thirds financed their homes with chattel loans, which are more likely than mortgages to have high interest rates.

CFPB's manufactured housing report

- **Personal property loan borrowers have fewer consumer protections than mortgage borrowers:** While chattel loans have lower origination costs and quick closing timelines, they also have significantly fewer consumer protections than mortgage loans. For example, only mortgage borrowers are protected by provisions of the Real Estate Settlement Procedures Act that give borrowers the right to certain disclosures when applying for and closing on a loan.

CFPB's manufactured housing report

- **One out of seven homes outside of a metropolitan area is a manufactured home:** Manufactured homes account for only about 6 percent of all occupied U.S. housing. Outside metropolitan areas, however, one out of every seven homes is a manufactured home. These homes are more prevalent in the southeastern and western states. South Carolina has the highest prevalence of manufactured housing in the country, followed by New Mexico.

CFPB's manufactured housing report

- **Manufactured-home owners are more likely to be older:** Nearly one out of five families that live in manufactured homes do not have children in the home and are headed by someone aged 55 or older—compared with less than 15 percent of families that live in site-built homes.

CFPB's manufactured housing report

- **Manufactured-home owners are more likely to have lower net worth:** Bureau research has found that manufactured home residents tend to have lower net worth than other families. The 2004–2010 Surveys of Consumer Finances indicate that the median net worth among households that lived in manufactured housing was just about one-quarter the median net worth of families living in all other types of housing.

Use the 'QUICK LINKS' to navigate through our site.

Visit www.consumer.sc.gov

Use our NEW Online Complaint System to file a complaint. It's **FREE!**

The screenshot shows the homepage of the South Carolina Department of Consumer Affairs. At the top left is the state logo. The main header reads "SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS". Below this is a navigation bar with "QUICK LINKS" (with a dropdown arrow), "HOME", "CONTACT US", and "FILE A COMPLAINT". On the right of the navigation bar are "Font Size: A + A - Reset" options. A left sidebar contains a list of links: "ABOUT US", "CONSUMER INFORMATION", "BUSINESS/INDUSTRY INFORMATION", "NEWS RELEASES & PUBLICATIONS", "LEGAL", and "PRIVACY STATEMENT". The main content area features a "Welcome" message and a paragraph about the department's history and mission. On the right, a "Helpful Links" section includes a prominent "IDENTITY THEFT RESOURCES" button, a "Business Complaint Response Portal" button with a pencil icon, and a "Search Complaints" button with a magnifying glass icon. Red arrows point from the callouts to the "QUICK LINKS" menu, the "FILE A COMPLAINT" button, and the "IDENTITY THEFT RESOURCES" button.

Access a volume of info on identity theft here.

SCDCA is here for YOU!

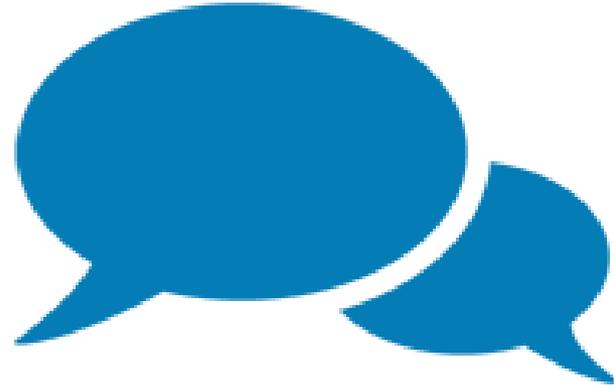
1-800-922-1594 (toll-free in S.C.)

or 803-734-4200

Monday - Friday

8:30 a.m. until 5:00 p.m.

www.consumer.sc.gov



**CONTACT
US!**

Connect with US!



Check out our YouTube channel.
[Youtube.com/scdcatv](https://www.youtube.com/scdcatv)



Look to Twitter for recent scam alerts and the latest consumer news. [@SCDCA](https://twitter.com/SCDCA)



Visit Facebook for updates and educational materials.
[Facebook.com/scdca](https://www.facebook.com/scdca)

**Subscribe
TODAY!**



To receive **news releases** and
other **publications** contact:

Juliana Harris

Communications Coordinator

jharris@scconsumer.gov

803.734.4296

