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CFPB PROPOSES NEW MORTGAGE DISCLOSURE RULES

MICHAEL B. MIERZEWSKI AND JEREMY W. HOCHBERG

This article provides an overview of the Consumer Financial Protection Bureau's proposed rule on mortgage disclosures and summarizes the disclosures required by the new Loan Estimate and Closing Disclosure forms.

The Consumer Financial Protection Bureau (“CFPB”) has issued a proposed rule on mortgage disclosures (“Proposed Rule”) implementing requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). The Proposed Rule would create an integrated disclosure for mortgage loan transactions by combining the disclosures currently required under the Truth-in-Lending Act (“TILA”) (as implemented by the CFPB’s Regulation Z), with the disclosures currently required under the Real Estate Settlement Procedures Act (“RESPA”) (as implemented by the CFPB’s Regulation X). It would also reconcile statutory differences between TILA and RESPA as necessary and incorporate new disclosures required by Congress under the Dodd-Frank Act. The Proposed Rule introduces two new integrated mortgage disclosure forms: a Loan Estimate and a Closing Disclosure (collectively, the “Forms”).

As the CFPB has explained in a blog, despite the fact that the Proposed Rule is meant to combine and simplify existing mortgage disclosures, it is 1,099 pages long. The reason it is so voluminous is that, like most notices of proposed rulemakings issued by other agencies, the Proposed Rule consists of three basic parts: (1) a preamble explaining the proposal, (2) the text of the

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proposed regulations, and (3) guidance on how to comply with those regulations.¹ Most of the Proposed Rule consists of the preamble which, among other things, summarizes the proposed rule, provides a history of TILA and RESPA mortgage disclosure regulation, describes the CFPB's outreach and disclosure testing, and explains the reasons for each aspect of the proposed rule. In other words, the preamble provides context to make it easier for consumers and the industry to understand and craft specific responses to requests for comment or other aspects of the Proposed Rule.

This article provides an overview of the Proposed Rule and summarizes the disclosures required by the new Loan Estimate and Closing Disclosure forms.

OVERVIEW OF THE PROPOSED RULE

Purpose

The Forms were designed to facilitate compliance with the disclosure requirements of TILA and RESPA and to aid the borrower in understanding a mortgage transaction by using readily understandable, plain language to simplify the technical nature of the disclosures. One of the primary purposes of the integrated Loan Estimate is to inform consumers of the cost of credit early in the process when they have bargaining power to negotiate for better terms and time to compare different mortgages more effectively. The Forms were also designed to highlight important information that consumers need on the first page and provide clear warnings about features that consumers might want to avoid, such as prepayment penalties and negative amortization. Additionally, the Proposed Rule would limit the circumstances in which the costs of the loan may increase at closing.

Scope

The Proposed Rule applies to most closed-end consumer mortgages. It does not apply to home equity lines of credit, reverse mortgages, or mortgages secured by a mobile home or a dwelling that is not attached to real property. Thus, reverse mortgages would remain subject to the current Regulation X

and Z disclosure requirements until the CFPB addresses those unique transactions in one or more future rulemakings.² The Proposed Rule also does not apply to loans made by a person who is not a “creditor” as defined by Regulation Z (*e.g.*, a person who makes five or fewer mortgages in a year). The integrated disclosure requirements would apply, however, to construction-only loans, vacant-land loans, and 25-acre loans, all of which are currently exempt from RESPA coverage.

Comment Period

Comments are generally due on the Proposed Rule by November 6, 2012. However, comments were due on the following two parts of the rule on September 7, 2012: (1) the changes to the calculation of the finance charge and Annual Percentage Rate (“APR”), and (2) the delay of the effective date for certain disclosures required by the Dodd-Frank Act.

Other Rulemakings Related to Mortgage Credit

In addition to the Proposed Rule, the CFPB is engaged in several other rulemakings related to mortgage credit in order to implement requirements of the Dodd-Frank Act. The CFPB issued a proposed rule on high-cost mortgage protections on the same day as the Proposed Rule. The CFPB is also in the process of developing rulemakings relating to mortgage servicing, loan originator compensation, appraisals, escrows, and the ability-to-repay requirement of the Dodd-Frank Act. The CFPB has indicated that the rulemakings are intended to function collectively as a whole. Thus, the CFPB may have to modify aspects of the proposed rules not only in response to public comment, but also to maintain consistency among the rulemakings.

Affected Title XIV Disclosures

The CFPB stated that it believes that both consumers and the industry will benefit by incorporating many of the disclosure requirements in Title XIV of the Dodd-Frank Act into the Proposed Rule (“Affected Title XIV Disclosures”). The Dodd-Frank Act provides that any section of Title XIV for

which regulations have not been issued by January 21, 2013 will take effect on that date. The CFPB stated that it plans to issue a final rule to delay the requirements of the Affected Title XIV Disclosures by temporarily exempting entities from the requirement to comply on January 21, 2013 until it has issued a final rule implementing the integrated TILA-RESPA disclosure.³

Recordkeeping Requirements

The Proposed Rule would require a creditor to retain evidence of compliance with the new integrated disclosure requirements for three years. A creditor would be required to retain the Closing Disclosure for five years from the date of the transactions. Significantly, the Proposed Rule requires creditors to keep electronic records of the Loan Estimate and Closing Disclosure forms. This requirement varies from the current requirements under Regulations X and Z, which permit, but do not require, electronic records.

Significant Definitions

Application. TILA and RESPA do not currently define the term “application.” Regulation X, however, defines “application” as “the submission of a borrower’s financial information in anticipation of a credit decision relating to a federally related mortgage loan, which shall include the borrower’s name, the borrower’s monthly income, the borrower’s social security number to obtain a credit report, the property address, an estimate of the value of the property, the mortgage loan amount sought, and any other information deemed necessary by the loan originator.”⁴ The Proposed Rule would define “application” for purposes of Regulation Z by retaining all of the elements currently set forth in Regulation X, except for the seventh catch-all element. The removal of that catch-all element was designed to prevent a creditor from delaying the provision of disclosures to the consumer by claiming that additional information, such as the consumer’s combined liabilities, is needed. Thus, while a creditor is free to collect additional information, once it has received the six pieces of information set forth in Regulation X, it would be deemed to have an application for Regulation Z purposes.

Finance Charge. The Proposed Rule would revise the definition of a “finance charge” by largely eliminating the current exclusions from it so that the finance charge and APR more accurately reflect the cost of credit. However, the Proposed Rule would continue to exclude from the finance charge “late fees and similar default or delinquency charges, seller’s points, amounts required to be paid into escrow accounts if the amounts would not otherwise be included in the finance charge, and premiums for property and liability insurance if certain conditions are met.”⁵

Prepayment Penalty. The Proposed Rule expands the definition of “prepayment penalty” to include a penalty with respect to a prepayment of “all or part of” the principal balance, rather than solely a prepayment “in full.”⁶ The expanded definition would likely result in more instances where a penalty would constitute a prepayment penalty, thus requiring more frequent disclosure by financial institutions. The CFPB has indicated that it will attempt to adopt a consistent definition of prepayment penalty across the various pending rulemakings, including those concerning ability-to-repay requirements, high-cost mortgages, and mortgage servicing.

Annual Percentage Rate. The Proposed Rule redefines the way the APR is calculated, encompassing almost all of the up-front costs of the loan to make it easier for consumers to compare loans.

NEW DISCLOSURE FORMS

Loan Estimate

General Requirements. The Loan Estimate form would replace the Good Faith Estimate (“GFE”) designed by the Department of Housing and Urban Development (“HUD”) under RESPA and the “early” Truth-in-Lending disclosure designed by the Board of Governors of the Federal Reserve System (“Board”) under TILA.⁷ Under the Proposed Rule, the Loan Estimate form must be given to the consumer no later than three business days after the creditor receives the consumer’s application for a mortgage loan and no later than the seventh business day before consummation of the transaction. A

lender can rely on a mortgage broker to deliver the Loan Estimate form; however, the lender would also remain responsible for the accuracy of the form.

The Proposed Rule would require creditors to distinguish between preliminary written estimates of mortgage loan costs, which are not subject to the good faith requirements under TILA and RESPA, and the Loan Estimate disclosures, which are. Furthermore, under the proposed disclosure, no person may impose a fee on a consumer in connection with the consumer's application before the consumer has received the Loan Estimate form and indicated to the creditor an intent to proceed with the transaction described by the disclosures. The only exception to this fee restriction is that a creditor may impose a *bona fide* and reasonable fee for obtaining a consumer's credit report.

The disclosure of estimated charges in the Loan Estimate is required to be made in good faith. The Proposed Rule would impose a general rule that the estimated charges are not in good faith if the charges paid by or imposed on the consumer exceed the amounts originally disclosed. The good faith determination contains a few exceptions. First, when the lender permits the consumer to shop for a settlement service provider, the sum of all third-party services and recording fees imposed on the consumer may not exceed 10 percent of the amount of such charges disclosed in the Loan Estimate. Second, an estimate of the following charges is in good faith and may exceed the amount disclosed if it is consistent with the best information reasonably available to the creditor at the time it is disclosed: prepaid interest; property insurance premiums; amounts placed into an escrow, impound, reserve, or similar account; and charges paid to a third-party service provider selected by the consumer. Finally, a charge imposed on the consumer may exceed the originally estimated charge if the revision is due to:

- (1) changed circumstances affecting settlement charges,
- (2) changed circumstances affecting eligibility,
- (3) revisions requested by the consumer,
- (4) interest rate dependent charges,
- (5) expiration,⁸ or
- (6) delayed settlement date on a construction loan.

The Proposed Rule requires that a revised disclosure be delivered within three business days of the creditor establishing that a valid reason for the revision exists. Creditors would be prohibited, however, from providing a consumer with the Loan Estimate and Closing Disclosure at the same time.

Loan Estimate Contents. The Proposed Rule requires the disclosure of numerous items that are not currently required to be disclosed under RESPA or TILA. For example, the Loan Estimate requires the disclosure of the contract sale price and estimated property value, as applicable. The Loan Estimate requires the disclosure of the purpose of the loan as:

- (1) purchase,
- (2) refinance,
- (3) construction, or
- (4) home equity.

The creditor is also required to provide a description of the loan product on the first page of the Loan Estimate. If the loan product contains one or more features, the creditor may disclose only one loan feature according to the following hierarchy:

- (1) negative amortization,
- (2) interest only,
- (3) step payment,
- (4) balloon payment,
- (5) seasonal payment,
- (6) adjustable rate,
- (7) step rate, and
- (8) fixed rate.

Other Disclosures

The following is a brief summary of the other disclosures required as part of the Loan Estimate.

Form Purpose. The Proposed Rule requires a creditor to provide the following statement at the top of all Loan Estimates, “Save this Loan Estimate to compare with your Closing Disclosure.”⁹

Loan Information. The Proposed Rule requires a creditor to provide basic information on the Loan Estimate including the date the Loan Estimate is issued, the applicants, the property that is the subject of the transaction, the contract sale price and estimated property value (as applicable), loan term, purpose, product, type, loan identification number, and rate lock date.

Loan Terms Table. The Loan Estimate contains a Loan Terms Table in which the creditor is required to disclose the loan amount, interest rate, monthly principal and interest, as well as whether those amounts may increase after closing, the maximum amounts, and frequency of changes. The creditor is also required to disclose in the Loan Terms Table whether there is a prepayment penalty and/or balloon payment and the maximum prepayment penalty, the period in which a prepayment penalty may be imposed, and the amounts of any balloon payments and the dates of such payments.

Projected Payment Table. The Proposed Rule requires a creditor to provide on the first page of the Loan Estimate a Projected Payment Table that contains the projected principal and interest; mortgage insurance; estimated escrowed taxes and insurance; estimated total monthly payment; and estimated taxes, insurance and assessments.

Cash to Close. As part of the Loan Estimate, creditors must provide the estimated total closing costs and the estimated amount of cash needed at closing.

Loan Costs. On the second page of the Loan Estimate, creditors are required to disclose the total loan costs, which are comprised of “Origination Charges,” “Services You Cannot Shop For,” and “Services You Can

Shop For.”¹⁰ Creditors must disclose total origination charges as part of the Loan Estimate, but are also permitted to provide an itemization of up to 13 component items comprising the origination charges.¹¹ Unlike the current RESPA GFE and TILA disclosures, all items must be listed in alphabetical order to make it easier for consumers to compare two disclosure documents, except for the points itemization, which is required to be listed first under the “Origination Charges” heading. While addenda may be used for the itemization of the disclosures under “Services You Can Shop For,” they may not be used to itemize the “Origination Charges” and “Services You Cannot Shop For.” If the number of lines is insufficient for purposes of itemizing those charges, the remaining charges must be disclosed as an aggregate amount at the bottom of the itemization.

Other Costs. Creditors are required to disclose “Other Costs” on the Loan Estimate. Such costs include costs that are necessary to complete the real estate closing, but which are not charged by the creditor, such as taxes and other government fees, insurance premiums, initial payments to establish an escrow account to pay for future recurring charges, and other costs that are for voluntary products. Premiums for optional insurance, warranty, guarantee, or even-coverage products must include the parenthetical “(optional)” at the end of the item.

Calculating Cash to Close. The Loan Estimate must include disclosure of the calculation of an estimate of the cash needed to close the transaction. This calculation is comprised of the total closing costs, closing costs financed, down payment funds from the borrower, a deposit (for a purchase transaction), funds disbursed to the borrower, seller credits, and adjustments and other credits.

Adjustable Payment Table. The Loan Estimate must include an Adjustable Payment (“AP”) Table if the periodic principal and interest payment may change after closing based on adjustments other than adjustments to the interest rate. Examples of the types of adjustments disclosed in the AP Table include whether the loan has interest only payments, optional payments, step payments, or seasonal payments.

The AP Table must disclose examples of the required periodic principal and interest payment, including the maximum possible required principal and interest payment, for loans with terms that allow the principal and interest payment to adjust not based on adjustments to the interest rate, such as loans with interest-only, optional-payment, or step-up payment periods.

Adjustable Interest Rate Table. If the interest rate of a mortgage may change after closing, creditors are required to disclose in a separate table — called the Adjustable Interest Rate Table — information regarding the terms of an adjustable interest rate, including the index and margin applicable to the interest rate changes, the lifetime cap and floor on the interest rate, and limits on interest rate adjustments.

Contact Information. The Proposed Rule requires that the Loan Estimate contain certain contact information for the loan officer, including the name and Nationwide Mortgage Licensing System and Registry (“NMLSR”) identification number, if any, a disclosure that is currently not required by TILA, RESPA, and their implementing regulations.

Comparisons. On the third page of the Loan Estimate, creditors are required to include a Comparisons Table that contains the total payments (of principal, interest, mortgage insurance, and loan costs) that the consumer will have made through five years, the APR, and the total interest percentage (“TIP”). The CFPB selected the total payments over five years disclosure over a total payments disclosure because it believes that it more accurately reflects the typical life of a mortgage loan (prior to sale or refinancing of the property), which it understands to be five to seven years, thus enhancing a consumer’s understanding of the transaction. The CFPB indicated in the preamble to the Proposed Rule that it is grouping APR with the five year and TIP disclosures to make it easier to understand that the APR is a special metric created specifically for comparison purposes that may help the consumer think about his or her costs over the life of the loan. TIP is the total amount of interest that a consumer will pay over the life of the loan, expressed as a percentage of the principal of the loan.¹²

Other Considerations. On the third and final page of the Loan Estimate, creditors are required to disclose certain information relating to:

- (1) the consumer's right to receive appraisals;
- (2) the ability of another person to assume the loan upon transfer;
- (3) homeowner's insurance requirements;
- (4) the creditor's late payment policy;
- (5) loan refinancing;
- (6) loan servicing; and
- (7) in refinance transactions, the consumer's liability for deficiency after foreclosure.

Most of these disclosures are already received by consumers at or after application or prior to closing.

Signature Statement. The creditor may include optional signature lines, but if it does, it must disclose that, by signing the Loan Estimate, the consumer is only confirming receipt of the form and is not required to accept the loan. If the creditor does not include a line for the consumer's signature, the creditor must include the following statement under the label "Loan Acceptance": "You do not have to accept this loan because you have received this form or signed a loan application."¹³

Exclusions. The Loan Estimate does not include certain statutory disclosures that the CFPB has determined based upon consumer testing are potentially distracting or confusing to consumers. Such excluded disclosures are the amount financed, the finance charge, a statement that the creditor is taking a security interest in the consumer's property, a statement that the consumer should refer to the appropriate contract document for information about his or her loan, a statement regarding certain tax implications, and the creditor's cost of funds. Although the finance charge is not disclosed on the Loan Estimate, creditors must document the finance charge used to calculate the APR disclosed on that form to comply with record retention requirements. The

amount financed and the finance charge are required to be disclosed in the Closing Disclosure.

CLOSING DISCLOSURE

General Requirements

The Closing Disclosure form would replace the current form used to close a loan, the HUD-1, which was designed by HUD under RESPA, as well as the revised Truth-in-Lending Disclosure designed by the Board under TILA.¹⁴ The lender must give the consumer the Closing Disclosure form at least three business days before the consumer closes on the loan.¹⁵

Subject to certain exceptions, the consumer must be provided a new form if there are changes between when the Closing Disclosure form is given and the closing. The Proposed Rule contains two alternatives for who is required to provide the customer with the new Closing Disclosure form. Under the first alternative, the lender would be responsible for delivering the form. Under the second alternative, the lender may rely on the settlement agent to provide the form; however, the lender would also remain responsible for the accuracy of the form.

The Proposed Rule restricts the instances in which a consumer can be required to pay more for settlement services than was stated on the Loan Estimate form. Subject to certain exceptions, charges for the following services may not increase: (1) the lender's or mortgage broker's charges for its own services; (2) charges for services provided by an affiliate of the lender or mortgage broker; and (3) charges for services for which the lender or mortgage broker does not permit the consumer to shop. Additionally, subject to certain exceptions, charges for other services may not increase by more than 10 percent. The Proposed Rule states that no fee may be imposed by a creditor or servicer for the preparation of the Closing Disclosure.

Closing Disclosure Contents

The following is a brief summary of the disclosures required as part of the Closing Disclosure:

Form Purpose. The Proposed Rule requires creditors to include a statement regarding the purpose of the Closing Disclosure, which is not currently required by TILA, RESPA, and their implementing regulations. Specifically, the form must state, “This form is a statement of the final loan terms and closing costs. Compare this document with your Loan Estimate.”¹⁶

Closing, Transaction, and Loan Information. The Closing Disclosure must include basic information regarding the closing, including the date the Closing Disclosure is issued, the date funds are disbursed, the sale price of the property that is the subject of the transaction, and the file number assigned to the transaction. It must also include the names and addresses of the parties to the transaction. The loan information disclosures required in the Closing Disclosure mirror those required in the Loan Estimate, except that a creditor must also provide a mortgage insurance case number.

Loan Terms Table. The creditor must disclose loan terms in the Closing Disclosure. Such terms generally mirror those required to be disclosed in the Loan Estimate.

Projected Payments Table. The creditor must disclose projected payments in the Closing Disclosure. Such terms generally mirror those required in the Loan Estimate.

Cash to Close. The creditor must disclose the actual total closing costs imposed upon the consumer and the amount of cash required from the consumer at closing.

Closing Cost Details. The creditor is required to disclose closing cost information that closely matches the format and organization of the loan cost information in the Loan Estimate to facilitate side-by-side comparisons of the Loan Estimate and the Closing Disclosure.

Other Costs. The creditor is required to disclose other costs that generally mirror those required to be disclosed on the Loan Estimate.

Calculating Cash to Close. The CFPB is proposing to require that the Closing Disclosure contain a Calculating Cash to Close Table that highlights the cash to close amount and its critical components and compares those amounts to the corresponding disclosures on the Loan Estimate. The table includes the estimated and final amounts, as well as a column titled, “Did this change?,” to highlight changes from the amounts listed in the Loan Estimate.

Closing Costs Paid Before Closing. While the Calculating Cash to Close table in the Closing Disclosure generally mirrors the corresponding table in the Loan Estimate, it requires disclosure of whether any closing costs were paid before closing as a reminder to the consumer of the costs that were previously paid.

Summaries of Borrower’s and Seller’s Transactions. The creditor or closing agent is required to provide the summaries of the consumer’s and seller’s transactions that are currently provided in the RESPA settlement statement. The summary of the borrower’s transactions must include an itemization of the amount due from the borrower, as well as an itemization of the amounts already paid by or on behalf of the borrower at closing. The summary must also calculate the total amount due from the borrower at closing. The summary of the seller’s transaction must include itemizations of the amount due to and from the seller at closing and a calculation of the total amount due to the seller at closing.

Loan Disclosures. The creditor is required to provide consumers with a variety of disclosures in the Closing Disclosure including disclosures related to assumption, demand features, late payment, negative amortization, partial payment policy, security interest, and escrow account information.

Adjustable Payment and Adjustable Interest Rate Tables. The creditor is required to disclose information in these tables that generally mirrors the information required to be disclosed on the Loan Estimate.

Loan Calculations. The creditor is required to provide a Loan Calculations Table on the last page of the Closing Disclosure that contains disclo-

tures relating to the total of payments, finance charges, amount financed, APR, total interest percentage, and the approximate cost of funds.

Other Disclosures. The creditor is required to disclose information regarding appraisals, contract details, liability after foreclosure, refinancing, and tax deductions under this heading on the last page of the Closing Disclosure.

Questions Notice. The creditor is required to provide a statement that the consumer should contact the creditor with any questions about the disclosures. This requirement is not currently imposed by TILA, RESPA, or their implementing regulations.

Contact Information Table. The Closing Disclosure must include a table that includes contact information for the creditor, mortgage broker, the consumer's real estate broker, the seller's real estate broker, and the closing agent, as applicable. For each party, the table would set forth the name, address, NMLSR identification/license number, as well as the name, email address, and NMLSR identification/license number for the primary contact.

Signature Statement. The optional signature requirements in the Closing Disclosure mirror those in the Loan Estimate.

CONCLUSION

The Proposed Rule would alter the landscape of mortgage disclosures as described above. Financial institutions would be well advised to comment on the Proposed Rule before the deadline. Comments are generally due by November 6, 2012.

NOTES

¹ See Know Before You Owe Archive, Consumer Financial Protection Bureau, Explainer: Why did it take 1,099 pages to propose a three-page mortgage disclosure?, available at <http://www.consumerfinance.gov/blog/category/know-before-you-owe> (July 31, 2012) (last visited Sept. 10, 2012).

² However, the Proposed Rule incorporates into the appendices of Regulation X the guidance issued in the RESPA FAQs released by the Department of Housing and Urban Development on April 2, 2010 to clarify use of the RESPA settlement disclosure in reverse mortgage transactions.

³ The following statutory provisions constitute the Affected Title XIV Disclosures:

- Warning regarding negative amortization features;
- Disclosure of state law anti-deficiency protections;
- Disclosure regarding creditor's partial payment policy;
- Disclosure regarding mandatory escrow accounts;
- Disclosure regarding waiver of escrow at consummation;
- Disclosure of monthly payment, including escrow, at initial and fully-indexed rate for variable-rate transactions;
- Repayment analysis disclosure to include amount of escrow payments for taxes and insurance;
- Disclosure of settlement charges and fees and the approximate amount of the wholesale rate of funds;
- Disclosure of mortgage originator fees;
- Disclosure of total interest as a percentage of principal; and
- Optional disclosure of appraisal management company fee.

⁴ See 12 C.F.R. § 1024.2(b).

⁵ Preamble to the Proposed Rule at 104.

⁶ Preamble to the Proposed Rule at 141.

⁷ See Preamble to the Proposed Rule at 161 (proposing to integrate the TILA and RESPA good faith estimate requirements in a new 12 C.F.R. § 1026.19(e)).

⁸ The term "expiration" refers to when the consumer expresses an intent to proceed with the transaction more than 10 business days after the original disclosures.

⁹ Proposed Rule § 1026.37(a)(2).

¹⁰ If the consumer is permitted to shop for a settlement service, the creditor must provide the consumer with a written list identifying available settlement service providers and stating that the consumer may choose a different provider.

¹¹ The number of items disclosed under "Services You Cannot Shop For" may not exceed 13, while the number of items disclosed under "Services You Can Shop For" may not exceed 14.

¹² The CFPB proposes to require creditors to disclose the following descriptive

statement next to the TIP disclosure: “The total amount of interest that you will pay over the loan term as a percentage of your loan amount.” Proposed Rule § 1026.37(l)(3).

¹³ Proposed Rule § 1026.37(n)(2).

¹⁴ See Preamble to the Proposed Rule at 161 (proposing to integrate the TILA and RESPA settlement statement requirements in a new 12 C.F.R. § 1026.19(f)).

¹⁵ The proposed disclosure rule would retain a provision of TILA and Regulation Z that allows a consumer to waive the three-business-day waiting period in the event of a *bona fide* personal financial emergency. In addition, if the consumer and the seller agree to make changes to the transaction that affect items disclosed, the creditor must deliver a revised disclosure reflecting such changes at or before the closing.

¹⁶ Proposed Rule § 1026.38(a)(2).