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## Comment Call (12-14)

To: All Affiliated Credit Union CEOs  
From: Veronica Madsen – Director of Regulatory Affairs  
Date: August 28, 2012  
**RE: CFPB – Combined TILA/RESPA Disclosures**

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### Summary

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) directs the Consumer Financial Protection Board (CFPB) to issue proposed rules and forms that combine certain disclosures that consumers receive in connection with applying for and closing on a mortgage loan under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). The proposed rule implements the changes to Regulation Z (TILA) and Regulation X (RESPA), and provides extensive guidance regarding compliance with those requirements.

Comments on the proposal are generally due **November 6, 2012**. However, provisions regarding the finance charge and the annual percentage rate (APR), as well as the delayed effective date of several of the new disclosures under the Dodd-Frank Act, are open for comment only through **September 7, 2012**. While the new forms themselves may be fairly straight forward, the proposed rule changes to bring about the integration of the forms are lengthy and complex.

A copy of this very lengthy proposal can be found here: <http://www.gpo.gov/fdsys/pkg/FR-2012-08-23/pdf/2012-17663.pdf>.

### Summary of Proposed Rule

The proposed rule applies to most closed-end consumer mortgages. The proposed rule does **not** apply to home-equity lines of credit, reverse mortgages, or mortgages secured personal property, by a mobile home, or by a dwelling that is not attached to real property (i.e., land). The proposed rule also does **not** apply to loans made by a creditor who makes **five or fewer** mortgages in a year.

### The Loan Estimate

The Loan Estimate form would replace two current Federal forms. It would replace the Good Faith Estimate 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 (FRB) under TILA. The proposed rule and the Official Interpretations (the “comments” on which lenders can rely) contained detailed instructions as to how each line on the Loan Estimate form would be completed. There are sample forms for different types of loan products. The Loan Estimate form also incorporates new disclosures required by Congress under the Dodd-Frank Act.

The lender could rely on a mortgage broker to provide the Loan Estimate form. However, the lender would remain responsible for the accuracy of the form.

The lender or broker would be required to give the form to the consumer within 3 business days after the consumer applies for a mortgage loan. The proposed rule contains a specific definition of what constitutes an “application” for these purposes.

Consistent with current law, the lender generally could **not** charge consumers any fees until after they have been given the Loan Estimate form and have communicated their intent to proceed with the transaction. There is an exception that allows lenders to charge fees to obtain consumers’ credit reports.

Lenders and brokers could provide consumers with written estimates prior to application. The proposed rule requires that any such written estimates contain a disclaimer to prevent confusion with the Loan Estimate form. This disclaimer would **not** be required for advertisements.

### The Closing Disclosure

The Closing Disclosure form would replace the current form used to close a loan, the HUD-1 under RESPA, as well as the revised Truth in Lending disclosure under TILA. The proposed rule and the comments contain detailed instructions as to how each line on the Closing Disclosure form would be completed. The Closing Disclosure form contains additional new disclosures required by the Dodd-Frank Act and a detailed accounting of the settlement transaction.

The lender would be required to give consumers this Closing Disclosure form at least 3 business days before the consumer closes on the loan. Generally, if changes occur between the time the Closing Disclosure form is given and the closing, the consumer must be provided a new form. When that happens, the consumer would have to be given 3 additional business days to review that form before closing (with some exceptions).

Currently, settlement agents are required to provide the HUD-1, while lenders are required to provide the revised Truth in Lending disclosure. Two alternatives are proposed for who is required to provide consumers with the new Closing Disclosure form. Under the first option, the lender would be responsible for delivering the Closing Disclosure form to the consumer. Under the second option, the lender may rely on the settlement agent to provide the form. However, under the second option, the lender would also remain responsible for the accuracy of the form.

### Limits on Closing Cost Increases

Similar to existing law, the proposed rule would restrict the circumstances in which consumers could be required to pay more for settlement services than the amount stated on their Loan Estimate form. Unless an exception applies, charges for the following services could **not** increase (with some exceptions): (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. Also unless an exception applies, charges for other services generally could not increase by more than 10%.

When an exception applies, the lender would generally be required to provide an updated Loan Estimate form within 3 business days.

### Changes to APR

The proposed rule redefines the way the Annual Percentage Rate or “APR” is calculated. Under the rule, the APR would encompass almost all of the up-front costs of the loan.

### Recordkeeping

The proposed rule would require lenders to keep records of the Loan Estimate and Closing Disclosure forms provided to consumers in a standard electronic format.

### **Section-by-Section Analysis**

Certain types of loans that are currently subject to TILA but not RESPA (construction-only loans and loans secured by vacant land or 25 or more acres) would be subject to the proposed integrated disclosure requirements, whereas others (such as mobile home loans and other loans that are secured by a dwelling but not real property) would remain solely subject to the existing Regulation Z disclosure requirements. Reverse mortgages are excluded from coverage of the proposed integrated disclosures and would therefore remain subject to the current Regulation X and Z disclosure requirements until the CFPB addresses those unique transactions in a separate, future rulemaking.

Consistent with the current rules under TILA, the integrated mortgage disclosures would not apply to mortgage loans made by persons who are not “creditors” as defined by Regulation Z (such as persons who make five or fewer mortgage loans in a year), although such loans would continue to be subject to RESPA.

### **Regulation X**

#### Coverage of RESPA Applicability

RESPA and Regulation X currently exempt loans on property of 25 acres or more. The proposed rule would eliminate this exemption, and require the integrated disclosure for these loans.

***How many loans would be affected by this aspect of the proposal and any reasons for any continued exemption of loans on property of 25 acres or more?***

#### *Partial Exemptions for Certain Mortgage Loans*

The proposed rule would exempt two types of federally related mortgage loans from coverage of the RESPA settlement cost booklet, GFE, and settlement statement requirements:

- Federally related mortgage loans that are subject to the integrated disclosures proposed in Regulation Z (i.e., all closed-end transactions secured by real property other than reverse mortgages); and
- Federally related mortgage loans that satisfy specified criteria associated with certain housing assistance loan programs for low- and moderate-income persons.

However, the exemptions would retain coverage of affected loans for all other requirements of Regulation X, such as the RESPA servicing requirements, prohibitions on referral fees and kickbacks, and limits on amounts to be deposited in escrow accounts.

### HUD Exemption

Under the HUD exemption, lenders need not provide the GFE and settlement statement when six prerequisites are satisfied: (1) the loan is secured by a subordinate lien; (2) the loan's purpose is to finance downpayment, closing costs, or similar homebuyer assistance, such as principal or interest subsidies, property rehabilitation assistance, energy efficiency assistance, or foreclosure avoidance or prevention; (3) interest is not charged on the loan; (4) repayment of the loan is forgiven or deferred subject to specified conditions; (5) total settlement costs do not exceed one percent of the loan amount and are limited to fees for recordation, application, and housing counseling; and (6) the loan recipient is provided at or before settlement with a written disclosure of the loan terms, repayment conditions, and costs of the loan.

***Should the subordinate lien position be eliminated as a requirement for the exemption?***

***Because of the different possible interpretations of "interest" (which could include interest "substitutes" like private mortgage insurance or a shared appreciation feature) what features should be considered "interest"? Should this provision be eliminated?***

## **Regulation Z**

### Definitions and Rules of Construction

#### *Application*

"Application" would be defined as the submission of a consumer's financial information for the purposes of obtaining an extension of credit. Except for purposes of subpart B (open-end loans), subpart F (student loans), and subpart G (credit cards and open-end credit offered to college students), the term would consist of the consumer's name, income, and social security number (SSN) to obtain a credit report, and the property address, an estimate of the value of the property, and the mortgage loan amount sought.

***What, if any, additional specific information beyond the six items included under the proposed definition of application is needed to provide a reasonably accurate Loan Estimate?***

The proposed comment would clarify that, if a consumer does not have an SSN, the creditor could instead request whatever unique identifier the creditor uses to obtain a credit report. Additionally, a creditor's receipt of a credit report fee would **not** affect whether an application has been received.

For example, if a creditor receives the six pieces of information identified under the rule on Monday, June 1, but does not receive a credit report fee from the consumer until Tuesday, June 2, the creditor would **not** comply if it provides the required disclosures *after* Thursday, June 4. The three-business-day period begins on Monday, June 1, the date the creditor received the six pieces of information (not the date the creditor received the credit report fee).

#### *Business Day*

Both Regulation X and Regulation Z generally define "business day" to mean a day on which the offices of the creditor or other business entity are open to the public for carrying on substantially all of the entity's business functions. For certain provisions of Regulation Z, however, an alternative definition applies. Under this definition, "business day" means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a), *i.e.*, New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

The proposed rule would apply the alternative definition of business day to the provisions regarding the integrated disclosure requirements.

*Should the general definition of business day instead apply to the integrated disclosure delivery requirements? Should there be a single definition of business day that is consistent with the alternative definition?*

#### *Creditor*

Under current Regulation Z, a person who extended consumer credit 25 or fewer times in the past calendar year, or five or fewer times for transactions secured by a dwelling, is exempt from the definition of “creditor.”

*Would a five-loan exemption threshold be appropriate for transactions subject to this proposed rule and, if not, what number of transactions would be appropriate? Should there be any transaction-based exemption adopted in this rulemaking applied to the pre-consummation disclosure requirements of RESPA?*

#### Exempt Transactions

##### *Business, Commercial, Agricultural, or Organizational Credit*

Regulation Z does not apply to extensions of credit to other than a natural person. The proposal would revise the comments to clarify that credit extended to certain trusts for tax or estate planning purposes is considered to be extended to a natural person rather than to an organization and, therefore, is **not** exempt from the coverage of Regulation Z.

##### *Partial Exemption for Certain Mortgage Loans*

The proposed rule would provide an exemption from the integrated disclosure requirements for transactions that satisfy several criteria associated with certain housing assistance loan programs for low- and moderate-income persons. The exemption would only apply to transactions secured by a subordinate lien.

*Should the exemption extend to first liens?*

#### Finance Charge

The proposal would expand the types of fees and costs included in the finance charge for closed-end transactions secured by a dwelling or land under Regulation Z.

A loan charge or fee would be included in the finance charge if it is both payable directly or indirectly by the applicant or borrower and imposed directly or indirectly by the creditor as a condition of receiving the credit or as an incident to receiving the credit.

Also, late fees and delinquency or default charges, seller's points, amounts required to be paid into escrow accounts if the amount would not otherwise be included in the finance charge, and premiums for property and liability insurance would be excluded. (For the premiums to be excluded the consumer must be able to choose the insurer and the creditor must disclose that fact. If the coverage is obtained from or through the creditor, the premium for the initial term of insurance coverage must be disclosed in order to be excluded from the finance charge.)

The CFPB plans to develop supplemental educational materials to help explain how consumers could use the finance charge and APR in comparing loan costs over the long term.

***What would be the impact of this expansion?***

(The CFPB has also proposed to adopt a “transaction coverage rate” (TCR) as part of its high-cost mortgage proposal. For more information regarding proposed changes to the “finance charge,” see MCUL Comment Call [12-CC-11](#).)

A disclosed finance charge would be accurate if it did not vary from the actual finance charge by more than \$100 or is greater than the amount required to be disclosed, and reasons that the risk of understating the finance charge is lessened by this portion of the proposal.

***Should this tolerance be increased in light of the fact that a creditor may not know whether a charge is imposed by a third party or the amount of the charge?***

Fees or charges paid in comparable cash transactions would be excluded as they are now. The rule would include in the finance charge both voluntary and required charges that are imposed by the creditor to avoid fact-based analysis and improve consistency in disclosure of the finance charge and APR.

***Are there any voluntary third party charges a creditor would not be able to determine 3 days before consummation of the loan?***

The proposed comment would clarify that, in a transaction where there is no seller, such as a refinancing of an existing extension of credit, there is no comparable cash transaction and, therefore, the exclusion from the finance charge for types of charges payable in a comparable cash transaction would not apply to such transactions.

***Special Rule; Closing Agent Charges***

Currently, Regulation Z excludes from the finance charge fees charged by a third party that conducts a loan closing unless the creditor (1) requires the particular service for which the consumer is charged; (2) requires the imposition of the charge; or (3) retains a portion of the third-party charge. The proposed rule would render this exclusion inapplicable to closed-end transactions secured by real property or a dwelling.

The CFPB believes the risk of understating the finance charge is lessened by TILA and the proposed rule, which provide that a disclosed finance charge is treated as accurate if it does not vary from the actual finance charge by more than \$100 or is greater than the amount required to be disclosed.

***To what extent do settlement costs increase from the good faith estimate to closing? Should the CFPB increase the finance charge tolerance for closed-end transactions secured by real property or a dwelling in light of the proposal to include third-party charges in the finance charge? If so, what amount would be acceptable?***

Excluding certain fees from the finance charge because they are voluntary or optional requires a factual determination, which is not practical in all cases since it may be difficult to determine whether a fee or charge is truly voluntary. For this reason, the proposal would include in the finance charge both voluntary and required charges that are imposed by the creditor.

***Are there voluntary third-party charges proposed to be included in the finance charge that cannot be determined 3 business days before consummation?***

### *Charges Excluded From the Finance Charge*

Under the proposal, a loan charge or fee would be included in the finance charge if it is both payable directly or indirectly by the applicant or borrower, and imposed directly or indirectly by the creditor as a condition of receiving the credit or as an incident to receiving the credit. Fees or charges paid in comparable cash transactions would be excluded as they are now.

Also, late fees and delinquency or default charges, seller's points, amounts required to be paid into escrow accounts if the amount would not otherwise be included in the finance charge, and premiums for property and liability insurance would be excluded. (For the premiums to be excluded the consumer must be able to choose the insurer and the creditor must disclose that fact. If the coverage is obtained from or through the creditor, the premium for the initial term of insurance coverage must be disclosed in order to be excluded from the finance charge.)

***Should seller's points be included in the finance charge for closed-end transactions secured by real property or a dwelling? How often are seller's points passed on to the borrower through a higher sales price?***

### *Real-Estate Related Fees*

The proposal would include the following charges in the finance charge that were previously excluded: fees for: title examination, abstract of title, title insurance, property survey, and similar purposes; preparing loan-related documents, such as deeds, mortgages, and reconveyance or settlement documents; notary and credit report fees; property appraisal or inspections to assess the value or condition of the property prior to closing, including pest-infestation or flood-hazard determination; and amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the finance charge.

In short, a fee or charge that is not part of the finance charge would not become part of the finance charge merely because it is paid to an escrow account.

### *Insurance and Debt Cancellation and Debt Suspension Coverage*

The proposal would exclude, under certain circumstances, voluntary credit insurance premiums, property insurance premiums, and voluntary debt cancellation or debt suspension fees from the finance charge. It would **not** exclude credit insurance premiums and debt cancellation or debt suspension fees, for closed-end mortgage transactions.

### *Certain Security Interest Charges*

The proposed rule would eliminate the finance charge exclusion for certain government recording taxes and related fees and the premiums for any insurance in lieu of perfecting a security interest, provided those amounts are disclosed to the consumer.

### Certain Mortgage and Variable-Rate Transactions

#### *Mortgage Loans Secured by Real Property—Early Disclosures*

Under the proposed rule, mortgage broker could provide the integrated Loan Estimate, but would be required to act as the creditor in every respect, including complying with all of the requirements of the proposal.

The proposed comment explains that if a mortgage broker issues any required disclosure in the creditor's place, the creditor would remain responsible for ensuring that the requirements have been satisfied. The creditor would not satisfy the requirements by providing duplicative disclosures. The creditor would be expected to maintain communication with the broker to ensure that the broker is acting in place of the creditor.

### *Timing*

TILA provides that good faith estimates must be delivered or placed in the mail not later than 3 business days after the creditor receives the consumer's written application, and applies a seven-business day waiting period before consummation.

Both the three-business-day delivery requirement and the seven-business-day waiting period would apply to the integrated Loan Estimate.

The proposed comment would provide that the seven-business-day waiting period begins when the creditor delivers the disclosures or places them in the mail, not when the consumer receives or is presumed to have received the disclosures.

The proposed comment would also explain that the creditor would not be required to provide the disclosures if the consumer withdraws the application within the three-business-day period. Additionally, if the consumer amends the application because of the creditor's unwillingness to approve it on the terms originally applied for, no violation occurs for not providing disclosures based on the original terms. But the amended application is a new application subject to disclosure requirements.

### *Delivery*

The proposed rule would state that, if the disclosures are provided to the consumer by means other than delivery in person, the consumer would be presumed to have received the disclosures 3 business days after they are mailed or delivered to the address specified by the consumer.

### *Consumer's Waiver of Waiting Period Before Consummation*

A consumer could waive the seven-business-day waiting period in the event of a bona fide personal financial emergency. Whether these conditions are met is determined by the individual facts and circumstances. 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, is one example of a bona fide personal financial emergency. Each consumer who is primarily liable on the legal obligation must sign the written statement for the waiver to be effective.

### ***Should there be an expansion on the bona fide personal financial emergency exception (e.g., in refinance transactions or purchase money transactions)?***

### *Shopping for Settlement Service Providers*

Under the proposed rule, if a creditor permits the consumer to shop for a settlement service provider, the creditor would be required to identify the services for which the consumer is permitted to shop in the Loan Estimate.

A written list identifying available providers of that service would be required, along with a statement that the consumer may choose a different provider for that service. This list would be required to be provided



*separately* from the Loan Estimate within 3 days after application. The list would also have to include sufficient information to allow the consumer to contact the provider, such as the name under which the provider does business and the provider's address and telephone number.

The proposed comment would explain that creditors could include affiliates on the written list.

#### *Pre-Disclosure Fee Restriction*

Under the proposal, no person could impose a fee on a consumer in connection with the consumer's application before the consumer has received the required disclosures and indicated to the creditor an intent to proceed with the transaction described by those disclosures. The only exception to the fee restriction would allow the creditor or other person to impose a bona fide and reasonable fee for obtaining a consumer's credit report. The creditor would be required to accurately describe or refer to this fee, for example, as a "credit report fee."

The proposed comment would explain that the consumer could indicate intent to proceed in any manner the consumer chooses, unless a particular manner of communication is required by the creditor, provided that the creditor does not assume silence is indicative of intent. The creditor would be required to document this communication.

#### *Written Information Provided to Consumer*

The proposed rule would require creditors to provide consumers with a disclosure indicating that the written estimate is not the Loan Estimate required by RESPA and TILA, if a creditor provides a consumer with a written estimate of specific credit terms or costs before the consumer receives the required disclosures and later indicates an intent to proceed with the mortgage loan transaction.

This requirement would only apply to written information specific to the consumer.

#### *Verification of Information*

Similar to current Regulation X, the proposed rule would provide that a creditor could **not** require a consumer to submit documents verifying information related to the consumer's application before providing the required disclosures (e.g., bank statements).

#### *Good Faith Determination for Estimates of Closing Costs*

Historically, TILA has generally focused on the costs imposed by creditors alone. In contrast, RESPA, in broadly focusing on all costs associated with real estate transactions.

In the context of home purchases, consumers' actual settlement costs were sometimes dramatically different from those originally estimated. Consumers did not realize this until immediately before settlement – the point in time where consumers are in the weakest bargaining position. As a result, consumers were often unable to challenge increases in settlement costs when confronted with them at the closing table. Under the 2008 RESPA Final Rule, affiliates' fees are permitted to increase by as much as 10% prior to the real estate closing, in addition to increases based on changed circumstances and other similar events.

The proposed rule would include charges paid to affiliates of the creditor in the category of fees that may not vary from the estimated amount disclosed, subject to legitimate reasons for revision such as changed circumstances and revisions requested by the consumer. Charges paid to non-affiliated third party service providers would be in the category of fees that could not vary from the estimated amount disclosed if the

creditor does not permit the consumer to shop for those services, subject to legitimate reasons for revision such as changed circumstances and revisions requested by the consumer.

***What are the costs, burdens, and benefits to consumers and the industry regarding the proposed revisions to the good faith requirements? How often do settlement costs increase? Are there any alternatives to the proposal that would further the purposes of TILA, RESPA, and the Dodd-Frank Act and provide consumers with more useful disclosures?***

The proposed rule would incorporate into Regulation Z the Regulation X provision that the amounts imposed for the origination charge and transfer taxes may **not** exceed the amounts included on the RESPA GFE, unless certain exceptions are met. The default rule would be that any charge paid by the consumer that exceeds the amount originally estimated on the disclosures would **not** be provided in good faith. This default rule is subject to legitimate cost revisions when an unexpected event occurs, such as a changed circumstance or a change requested by the consumer.

#### *Limited Increases Permitted for Certain Charges*

Regulation X currently provides that the sum of the amounts charged for all lender-required settlement services where the consumer does not independently choose a provider, title insurance, and recording charges may increase by as much as 10% prior to settlement, subject to revisions arising from exceptions such as changed circumstances.

The proposed rule would include the sum of **all** charges for lender-required settlement services in this tolerance (not just certain charges if the consumer is permitted to shop independently for a service provider).

#### *Variations Permitted for Certain Charges*

Because certain types of estimates, such as those for property insurance premiums, may change significantly between the time that the original disclosures are provided and consummation, the proposed rule would allow for good faith estimates of prepaid interest, property insurance premiums, amounts placed into an escrow, impound, reserve, or similar account, and charges paid to third-party service providers selected by the consumer, provided such estimates are consistent with the best information reasonably available to the creditor at the time the disclosures were made.

#### *“Changed Circumstances”*

A new definition of “changed circumstance” is proposed, which provides that it is an extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction, information specific to the consumer or transaction that the creditor relied upon when providing the disclosures and that was inaccurate or subsequently changed, or new information specific to the consumer or transaction that was not relied on when providing the disclosures.

***Is this proposed definition appropriate? Are there scenarios that should be considered a changed circumstance that would not be captured under any of the other three prongs?***

#### *Revised Estimates*

Under the proposed rule, for purposes of determining good faith, a charge paid by or imposed on the consumer could exceed the originally estimated charge if the revision is caused by one of the following six reasons:

- When changed circumstances cause estimated charges to increase or cause the sum of all such estimated charges to increase by more than 10% percent.
- When a changed circumstance affecting the consumer's creditworthiness or the value of the collateral causes the estimated charges to increase.
- When a consumer requests revisions to the credit terms or the settlement that cause estimated charges to increase.
- When a consumer's rate is set, and also provides that revised disclosures must be provided reflecting the revised interest rate, bona fide discount points, and lender credits.
- When a consumer expresses an intent to proceed more than 10 business days after the disclosures are provided (like current Regulation Z).
- When consummation on a new construction home purchase is scheduled to occur more than 60 days after delivery of the estimated disclosures, provided that the consumer was alerted to this fact when the estimated disclosures were provided.

***How often do interest rate dependent charges occur? How often do cancellations of contractual agreements related to interest rate dependent charges change, such as rate lock agreements? Why do such contracts get revised and/or cancelled?***

*Timing Requirements for Provision of Revised Disclosures*

Under the proposal, if a creditor delivers a revised Loan Estimate, the creditor would have to do so within 3 business days of establishing that a valid reason for revision exists.

*Prohibition Against Delivering Early Disclosures at the Same Time as Final Disclosures*

The proposed rule would prohibit creditors from providing a consumer with disclosures of estimated and actual costs on the same business day.

*Mortgage Loans Secured by Real Property—Final Disclosures*

To comply with both TILA and RESPA, the integrated disclosure would have to be delivered no later than three days before consummation (except for transactions secured by timeshares). For timeshares, the consumer would have to receive the disclosures as soon as reasonably practicable, but no later than consummation.

The proposed comment explains that if any of the required disclosures are not provided to the consumer in person, the consumer is *presumed* to have received the disclosures three business days after they are mailed or delivered.

***Will the proposed rules create uncertainty regarding compliance? Should the rule be in line with the current rule, which uses “deem” instead of “presume?”***

The CFPB recognizes that this modification would require redisclosure 3 days before consummation in circumstances that are not currently required under Regulation Z.

*Consumer's Waiver of Waiting Period Before Consummation*

Like current Regulation Z, the proposed rule would allow a consumer to waive the three-business-day waiting period in the event of a bona fide personal financial emergency, so long as the creditor provides the required disclosures.

Whether a consumer has a bona fide personal financial emergency that necessitates consummating the credit transaction before the end of the waiting period is determined by the facts surrounding individual situations. 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, is one example of a bona fide personal financial emergency. Each consumer who is primarily liable on the legal obligation must sign the written statement for the waiver to be effective.

***Should the bona fide personal financial emergency exception be expanded (e.g., in refinance transactions or purchase money transactions)?***

*Alternative – Settlement Agent*

The proposal would make the creditor solely responsible for the provision of the required disclosures. An alternative approach would permit creditors and settlement agents to split responsibility, provided the settlement agent complies with all requirements as if it were the creditor. The creditor would remain responsible for ensuring that the requirements have been satisfied.

The proposed comment would clarify that the creditor would not satisfy the requirements if it provides duplicative disclosures.

*Subsequent Changes*

Under the proposed rule, creditors need not comply with the timing requirements if the disclosure provided is later revised for any of the following reasons:

- After the creditor provides the consumer with the disclosures, the consumer and the seller agree to make changes to the transaction that affect items disclosed. The creditor would be required to deliver revised disclosures reflecting such changes at or before consummation.
- The amount actually paid by the consumer does not exceed the amount disclosed by more than \$100. The creditor would be required to deliver revised disclosures at or before consummation.

***Should the threshold accommodate small miscalculations or minor changes prior to consummation? Should it be higher or lower than the proposed \$100?***

- An event occurs after consummation that causes the disclosures to become inaccurate, and such inaccuracy results solely from payments to a government entity in connection with the transaction (i.e., taxes and recording fees). The creditor would be required to deliver revised disclosures to the consumer no later than the 3rd business day after the event occurs, provided the consumer receives the corrected disclosures no later than 30 days after consummation.

***What other changes may occur after the real estate closing? Should the regulations provide additional flexibility for such changes?***

- The disclosures contain non-numeric clerical errors, provided the creditor delivers corrected disclosures as soon as reasonably practicable and no later than 30 days after consummation.

***Should the regulations provide flexibility for numeric clerical errors, and how such flexibility could be provided without undermining the reliability of the disclosures provided to consumers at or before consummation?***

### *Refunds Related to the Good Faith Analysis*

Under the proposed rule, if amounts paid by the consumer exceed the amounts specified, the creditor would be required to refund the excess to the consumer as soon as reasonably practicable and no later than 30 days after consummation. The creditor would also be required to provide revised disclosures that reflect such refund as soon as reasonably practicable, but no later than 30 days after consummation.

### *Charges Disclosed*

The amount imposed upon the consumer for any settlement service could not exceed the amount actually received by the service provider for that service, except if the charge is an “average charge.”

A creditor or settlement service provider could charge a consumer or seller the average charge for a settlement service if the average charge is no more than the average amount paid for that service by or on behalf of all consumers and sellers for a class of transactions, the creditor or settlement service provider defines the class of transactions based on an appropriate period of time, geographic area, and type of loan, the creditor or settlement service provider uses the same average charge for every transaction within the defined class, and the creditor or settlement service provider does not use an average charge for any type of insurance, for any charge based on the loan amount or property value, or if doing so is otherwise prohibited by law.

A person could refund the excess amounts collected or may factor in the excesses when determining the average charge for the next period. A person could also comply by establishing a rolling monthly period of re-evaluation.

Average charges could **not** be used for insurance premiums or for items that vary according to the loan amount or property value, such as transfer taxes, or when prohibited by any applicable State or local law.

### *Transactions Involving a Seller*

In a closed-end consumer credit transaction secured by real property, other than a reverse mortgage, the person conducting the settlement would be required to provide the seller with the disclosures relate to the seller, no later than the day of consummation. If an event occurs after consummation that causes such disclosures to become inaccurate, and such inaccuracy results solely from payments to a government entity, the person conducting the real estate closing would be required to deliver revised disclosures to the seller no later than 30 days after consummation.

### *No Fee*

No fee could be imposed on any person, as a part of settlement costs or otherwise, by a creditor or by a servicer for the preparation or delivery of the required disclosures, escrow account statements required by RESPA, or other statements required by TILA.

### *Special Information Booklet at Time of Application*

The proposed rule would transfer the existing requirements of Regulation X in Regulation Z. ***Should the CHARM booklet be incorporated into the Special Information Booklet?***

When two or more persons apply together for a loan, the creditor would comply if the creditor provides a copy of the booklet to one of the persons applying.

Provision of the special information booklet as a part of a larger document would not satisfy the requirements of the regulation. Any color, size and quality of paper, type of print, and method of reproduction could be used so long as the booklet is clearly legible.

### Record Retention

#### *Records Related to Certain Requirements for Mortgage Loans*

The proposed rule would require creditors to retain evidence of compliance with the requirements for **3 years** after the later of the date of consummation, the date disclosures are required to be made, or the date the action is required to be taken.

***Is the three year period is appropriate? Should it be extended to five years to match the recordkeeping requirement in the proposed rule? Would a shorter time period conflict with the statute of limitations under section 16 of RESPA?***

#### *Closing Disclosures*

Creditors would be required to retain each completed disclosure, and all documents related to such disclosures, for **5 years** after settlement. If a creditor sells, transfers, or otherwise disposes of its interest in a mortgage and does **not** service the mortgage, the creditor would be required to provide a copy of the required disclosures to the owner or servicer of the mortgage as a part of the transfer of the loan file. Such owner or servicer would be required to retain such disclosures for the remainder of the five-year period.

***Is it appropriate for creditors that transfer, sell, or otherwise dispose of their interest in the mortgage loan, and do not service the mortgage loan, to keep these records for the five-year period? What would be the additional costs that would result from such a requirement?***

#### *Electronic Records*

The proposed rule would require creditors to retain evidence of compliance in electronic, machine readable format.

The CFPB recognizes that requiring records in an electronic, machine readable format will impose new costs on industry - for either acquiring a system to create records in electronic, machine readable format, or for modifying their current systems to use a standard format required by regulation. However, the CFPB believes the benefits of this may be significant (e.g., a reduction in costs across the entire mortgage loan origination industry, and a facilitation of innovation).

***Should small creditors be exempted based on either entity size or the number of loans originated?***

Based on the CFPB's discussions with industry regarding machine readable data formats, it believes that XML may be the most appropriate format for electronic recordkeeping. ***What would be the costs and challenges associated with adopting an XML format? Are there other data formats that may be more appropriate than XML?***

### Content of Disclosures for Certain Mortgage Transactions (Loan Estimate)

The following information would be required in the Loan Estimate, as applicable. Disclosures that would not be applicable to a transaction generally could be eliminated entirely or could be included but marked "not applicable" or "N/A."

### *Form Title*

Creditors would be required to use the term “Loan Estimate” as the title of the integrated disclosures.

### *Form Purpose*

Creditors would be required to provide the following statement at the top of all Loan Estimates, “Save this Loan Estimate to compare with your Closing Disclosure.”

### *Creditor*

The proposal would require the name of the creditor making the disclosure. In transactions where the loan is originated by a mortgage broker, the name of the creditor, if known, would still have to be provided even if the mortgage broker provides the disclosure to the consumer.

### *Date Issued*

The proposal would mandate disclosure of the date the Loan Estimate is mailed or delivered to the consumer. The “date issued” would be the date the creditor delivers the Loan Estimate to the consumer and would **not** be affected by the creditor’s method of delivery.

### *Applicants*

Creditors would be required to disclose the name of the applicants for the loan transaction. The names of all applicants for the mortgage loan would have to be disclosed on the form. If the form could not accommodate the names of all the applicants, the creditor could attach to the back of the form a separate page listing the remaining applicants.

### *Property*

The street address or location of the property that secures the transaction that is the subject of the Loan Estimate would have to be included. Where there is no street address, creditors would be instructed to provide a legal description or other locator for the property. A zip code would be required in all instances.

### *Sale Price*

The contract sale price for the property identified would have to be included. For transactions that do not involve a seller, the estimated value for the property would be required.

### *Loan Term*

The term to maturity of the credit, to be expressed in years, would be required.

### *Purpose*

Under the proposed rule, creditors would be required to disclose as the purpose of the loan one of the following: (1) purchase; (2) refinance; (3) construction; or (4) home equity loan. The proposed comments would provide additional clarification on what these terms mean.

### ***Should additional loan purposes be added?***

### *Product*



Creditors would be required to identify the type of loan product for which the consumer has applied, as well as a description of certain loan features added to the loan product that may change the consumer's periodic payment.

Creditors could disclose only one loan feature, using the following hierarchy when disclosing a loan product with more than one loan feature: (1) negative amortization; (2) interest-only; (3) step payment; and (4) balloon payment.

#### *Loan Type*

Like current Regulation X, the proposed rule would require disclosure of the loan type: Conventional, FHA, VA, or Other. The proposed comment would provide details on the type of loans that would be categorized as "Other."

#### *Loan Identification Number (Loan ID #)*

Creditors would be required to provide a unique number that could be used by the lender, consumer, and other parties to identify the loan transaction, labeled as "Loan ID #."

#### *Rate Lock*

As currently required in the RESPA GFE, the rate lock information would be required (i.e., whether the interest rate has been locked by the consumer and, if set, the date and time (including the applicable time zone) the locked rate would expire).

#### *Loan Terms*

The following key loan terms, under the heading "Loan Terms," would be required to be in a summary table as part of the integrated Loan Estimate for closed-end transactions secured by real property (other than reverse mortgages): loan amount; interest rate; periodic principal and interest payment; whether the loan amount, interest rate, or periodic payment can increase; and whether the loan has a prepayment penalty or balloon payment.

The format would provide consumers with a bold "yes" or "no" answer to the questions of whether the loan amount, interest rate, or periodic payment can increase, and whether the loan has a prepayment penalty or balloon payment.

#### *Loan Amount*

The proposal would require creditors to disclose the "loan amount," to be defined as the amount of credit to be extended under the terms of the legal obligation.

#### *Interest Rate*

Disclosure of the initial interest rate would be required that will be applicable to the transaction, labeled the "Interest Rate." If the initial interest rate may adjust based on an index, the creditor would be required to disclose the fully-indexed rate.

#### *Principal and Interest Payment*

Loan Terms table would have to include the periodic principal and interest payment simply labeled “Principal & Interest,” with an indication of the applicable unit-period.

#### *Prepayment Penalty<sup>1</sup>*

The proposed rule would require disclosure of whether the loan has a prepayment penalty in the Loan Terms table, labeled “Prepayment Penalty.”

#### *Balloon Payment*

Disclosure would be required whether the credit transaction requires a balloon payment, labeled in the Loan Terms table as “Balloon Payment.” A balloon payment would be defined as a payment that is more than two times a regular periodic payment.

#### *Increases after Consummation*

If payment increases may occur, this would be required to be disclosed, as well as (as applicable):

- The maximum principal balance for the transaction and the date when the last payment for which the principal balance is permitted to increase will occur;
- The frequency of interest rate adjustments, the date when the interest rate begins to adjust, the maximum interest rate under the terms of the transaction, and the first adjustment that could result in the maximum interest rate;
- The frequency of adjustments to the periodic principal and interest payment, the date when the principal and interest payment begins to adjust, the maximum principal and interest under the transaction, and the first adjustment that can result in the maximum principal and interest payment; and
- The periods of any features that permit the periodic principal and interest payment to adjust without an adjustment to the interest rate, such as information about interest-only periods.

#### *Projected Payments*

The projected principal and interest, mortgage insurance, estimated escrowed taxes and insurance, estimated total monthly payment, and estimated taxes, insurance, and assessment disclosures, would have to be disclosed on the first page of the Loan Estimate, labeled “Projected Payments.”

#### *Periodic Payment or Range of Payments*

The proposed rule provides that the initial periodic payment or range of payments is a separate periodic payment or range of payments and, except as otherwise provided in the proposal, the following events would require the disclosure of additional separate periodic payments or ranges of payments:

- Periodic principal and interest payment or range of such payments may change;
- A scheduled balloon payment; and

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<sup>1</sup> Federal credit unions are prohibited from charging prepayment penalties under §107(5)(A)(viii) of the Federal Credit Union Act, Article XII, Section 6 of the Bylaws, and §701.21(c)(6) of the NCUA Rules and Regulations. State-chartered credit unions may charge a prepayment penalty under §423(3) that are specifically identified in the loan agreement as an incentive if the borrower prepays the loan in full within 3 years of the date that the loan is made and the originally scheduled amortization period of the loan is more than 5 years.

- The creditor must automatically terminate mortgage insurance coverage, or any functional equivalent, under applicable law.

Disclosure would have to be based on the assumption that the consumer will make only the minimum payment required under the terms of the legal obligation.

The table could not disclose more than four separate periodic payments or ranges of payments.

A range of payments would have to be disclosed when the periodic principal and interest payments are not known at the time the disclosure is provided because they are subject to changes based on index rates at the time of an interest rate adjustment, or when multiple events are disclosed as a range of payments. For such transactions, both the minimum and maximum periodic principal and interest payments, expressed as a range, would be required.

#### *Itemization*

The proposed would require that each separate periodic payment or range of payments included in the table be itemized to include the following: (1) the amount payable for principal and interest, labeled as “Principal & Interest,” including the term “only interest” if the payment or range of payments includes any interest-only payment; (2) the maximum amount payable for mortgage insurance premiums corresponding to the principal and interest payment, labeled “Mortgage Insurance”; (3) the amount payable into an escrow account to pay for some or all of the charges, labeled “Estimated Escrow,” including a statement that the amount disclosed can increase over time; and (4) the total periodic payment, calculated as the sum of the amounts disclosed, labeled “Total Monthly Payment.”

Mortgage insurance payments should be reflected on the disclosure even if no escrow account is established for the payment of the premiums. If the consumer is not required to purchase mortgage insurance, the creditor would disclose the mortgage insurance premium as “0.”

The disclosure of taxes and insurance would only be required if the creditor establishes an escrow account.

#### *Taxes, Insurance, and Assessments*

The proposal would require creditors to disclose the label “Estimated Taxes, Insurance & Assessments,” which is the sum of property taxes, mortgage-related insurance premiums required by the creditor other than amounts payable for mortgage insurance premiums, homeowner’s association, condominium or cooperative fees, ground rent or leasehold payments, and special assessments, as applicable, expressed as a monthly amount. The creditor would have to disclose this amount even if no escrow account for the payment of some or any such charges will be established.

It would also require creditors to state that the amount disclosed can increase over time; whether the amount disclosed includes payments for property taxes, hazard insurance, and other amounts, along with a description of any such amounts, and an indication of whether such amounts will be paid through an escrow account.

#### *Cash to Close*

The proposed rule would require creditors to provide the estimated total closing costs imposed upon the consumer and the estimated amount of cash needed at consummation from the consumer, disclosed under the heading of “Cash to Close” and labeled “Estimated Cash to Close.”

### *Website Reference*

Creditors would be required to include a statement notifying the consumer that additional information and tools regarding mortgage loans may be found at the CFPB's website, along with a link/uniform resource locator (URL) address for the site.

### *Closing Cost Details; Loan Costs*

The proposal would require creditors to itemize, as "Loan Costs," its fees and other charges to the consumer for extending the credit or that compensate a mortgage broker for originating the transaction.

### *Origination Charges*

Under the proposed rule, charges included on the Loan Estimate under the subheading of "Origination Charges" would be those that the consumer will pay to the creditor and any loan originator for originating and extending the credit. The points that the consumer will pay to the creditor to reduce the interest rate are specifically identified and itemized as the first item under this subheading.

***Should the final rule require that fees received by loan originators from the creditor be included or excluded in the Loan Estimate?*** [Note: these fees would be required to be on the Closing Disclosure.]

If the consumer is **not** charged any points for the loan, the creditor could leave blank the percentage of points, but would be required to disclose the dollar amount of "\$0."

### *Services You Cannot Shop For*

The fees and charges listed under the subheading "Services You Cannot Shop For" are for services that the creditor would require in connection with the transaction, but that would be provided by persons other than the creditor or mortgage broker.

Each item disclosed would have to include a descriptive name and the estimated charge, along with a subtotal of all such items. The creditor could use up to 13 lines to itemize charges.

### *Services You Can Shop For*

The fees and charges listed under the proposed subheading "Services You Can Shop For" would be for services that the creditor would require in connection with its decision to make the loan, but that would be provided by persons other than the creditor or mortgage broker. Each item disclosed here would have to include a descriptive name and the estimated charge, and a subtotal of all such items. The creditor could use up to 14 lines to itemize charges under this subheading.

### *Total Loan Costs*

The proposed rule would require creditors to disclose, labeled "Total Loan Costs," the sum of the Origination Charges, Services You Cannot Shop For, and Services You Can Shop For, respectively, in alphabetical order.

### *Use of Addenda*

Addenda could not be used to itemize disclosures. If the creditor is not able to itemize all of the charges required to be disclosed in the number of lines provided, the remaining charges would have to be disclosed as an aggregate amount in the last line permitted under the applicable paragraph.

State law disclosures could be provided, but they would be required to be in a completely separate document.

#### *Closing Cost Details; Other Costs*

The proposal would require creditors to disclose the following as “Other Costs,” along with the total of these costs labeled “Total Other Costs”:

- Taxes and other government fees for recording of documents and transfer taxes assessed against the purchase price of a real estate contract or the loan amount;
- Prepaid charges for real estate property taxes, insurance premiums, and other items that must be paid to insure the property or satisfy real estate tax obligations, as well as other charges that must be satisfied before consummation of the credit transaction and the real estate closing, labeled “Pre-Paid;”
- The initial payments to establish an escrow account to pay for future recurring charges labeled “Initial Escrow Payment at Closing.” For any item required to be listed that is not charged to the consumer, the monthly payment amount and time period may be left blank, but the dollar amount for the item must be shown as zero; and
- Any other items that the consumer has become legally obligated to pay in connection with the transaction, to the extent that the existence of these items is known by the creditor at the time the Loan Estimate is issued.

#### *Calculating Cash to Close*

The proposal would require the disclosure of the calculation of an estimate of the cash needed from the consumer at consummation of the transaction.

#### *Adjustable Payment Table*

The proposed “Adjustable Payment Table” (AP) would only be disclosed if the periodic principal and interest payment may change after consummation based on an adjustment that is not an adjustment to the interest rate, or if the transaction is a seasonal payment product.

#### *Adjustable Interest Rate Table*

The Adjustable Interest Rate (AIR) Table would only be required in the Loan Estimate when the interest rate may change after consummation.

#### *Contact Information*

Under the master heading “Additional Information About This Loan,” the proposed rule would require the name and the Nationwide Mortgage Licensing System and Registry (NMLSR) ID, if any, (or other unique identifier), for the creditor and the mortgage broker, if applicable. An email address and phone number for each loan officer identified would also be required.

#### *Comparisons*

The proposal would require creditors to disclose the following, under the master heading “Additional Information About This Loan,” along with the statement, “Use these measures to compare this loan with other loans”:

- The total payments (of principal, interest, mortgage insurance, and loan costs) a consumer will have made through the end of the 60th month after the due date of the first periodic payment (In 5 Years), along with the statement “Principal you will have paid off”;
- The “annual percentage rate” and the abbreviation “APR,” together with the following statement: “Your costs over the loan term expressed as a rate. This is not your interest rate.” This disclosure need not be more conspicuous than other disclosures, except the disclosure of the creditor’s identity;
- The total interest percentage (TIP), using the descriptive statement, “The total amount of interest that you will pay over the loan term as a percentage of your loan amount.”

***Should the TIP disclosure be in the Loan Estimate, or only in the Closing Disclosure?***

*Other Considerations*

The following would be required to be disclosed under the heading “Other Considerations”:

- The new requirements regarding the consumer’s right to appraisal copies for loans subject to ECOA or TILA, under the heading “Appraisal;”
- Whether the loan can be assumed;<sup>2</sup>
- A statement of whether homeowner’s insurance is required on the property and whether the consumer may choose the insurance provider, labeled “Homeowner’s Insurance;”
- The late payment charge and the number of days a payment must be late before a penalty for late payment may be assessed;
- For variable-rate transactions or transactions where the regular payment may otherwise be variable and that are secured by the consumer’s dwelling, a disclosure that there is no guarantee to refinance to a lower amount;
- Whether the creditor intends, at the time the disclosure is issued, to assign, sell, or transfer the servicing of the loan to another party; and
- If the credit is to refinance an extension of credit, a brief statement that certain State law protections against liability for any deficiency after foreclosure may be lost upon refinancing, the potential consequences of the loss of such protections, and a statement that the consumer should consult an attorney for additional information, labeled “Liability after Foreclosure.”

*Signature Statement*

At the creditor’s option, lines for the signatures of the consumers in the transaction could be provided under the master heading “Additional Information About This Loan” and under the heading “Confirm Receipt.” If the creditor includes a line for the consumer’s signature, the creditor would be required to disclose to that, by signing the Loan Estimate, the consumer is only confirming receipt of the form and is not required to accept the loan.

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<sup>2</sup> Under NCUA Part 701.21(g)(7), assumptions are permissible for federal credit unions, provided the assumption is only for the unpaid balance, the loan terms remain unchanged, and there is no extension of the original maturity date specified in the loan agreement. No such allowance is provided in the Michigan Credit Union Act for state-chartered credit unions.

For transactions where the creditor does **not** include a line for the consumer's signature, disclosure of the statement that the consumer does not have to accept the loan because the consumer received or signed the Loan Estimate would be required.

#### *Form of Disclosures*

The proposed rule would require the Loan Estimate to be clear and conspicuous, in writing, grouped together, segregated from everything else, and provided on separate pages that are not commingled with any other documents or disclosures, including any other disclosures required by State or other laws.

#### *Estimated Disclosures*

Where estimates are used, the word "estimated" would have to be included, even if the provision requiring such headings, label, or similar designation does not.

#### *Form*

For a transaction that is a federally related mortgage loan, as defined in Regulation X, model form H-24 in Regulation Z would have to be used.

For transactions that are **not** federally related mortgage loans, the disclosures would have to be made with headings, content, and format *substantially similar to* form H-24. These would include construction-only loans with terms of less than two years that do not finance the transfer of title to the borrower and loans secured by vacant land on which a home will not be constructed or placed using the loan proceeds within two years after settlement of the loan.

The disclosures could be provided in electronic form, subject to compliance with the Electronic Signatures in Global and National Commerce Act (E-SIGN).

#### *Rounding*

The proposal would require only rounded numbers and percentages without fractional amounts to be disclosed without decimal places for certain information on the Loan Estimate.

#### *Exceptions*

The form could be completed by hand, typewriter, computer, or other word processing device, as long as the method produces clear and legible text and uses the required formatting, including bold font where shown on form H-24. Such completion by hand or typewriter would **not** exempt the creditor from the requirement to keep records in an electronic, machine readable format.

Creditors could add signature lines to form H-24 under the "Confirm Receipt" heading, or an additional page with an appropriate cross-reference, if the space provided by form H-24 cannot accommodate the signature lines for multiple applicants.

### Content of Disclosures for Certain Mortgage Transactions (Closing Disclosure)

#### *Form Title*

Creditors would be required to use the term "Closing Disclosure" as the name of the integrated disclosures provided to consumers 3 business days before settlement.

### *Form Purpose*

Creditors would be required to provide the following statement: “This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.”

### *Closing Information*

The proposed rule would require creditors to disclose:

- The date the Closing Disclosure is issued (labeled “Date Issued”);
- The consummation date for the mortgage loan transaction (labeled “Closing Date”);
- The dates funds are expected to be paid to the seller and consumer (labeled “Disbursement Date”);
- The name of the agency that employs the settlement agent (labeled “Agent”);
- The number assigned to the transaction by the closing agent for identification purposes, (labeled “File #”);
- The street address of the property required to be disclosed (labeled “Property”); and
- In credit transactions where there is a seller, the contract sale price for the property (labeled “Sale Price”). In transactions where there is no seller, the appraised value of the property (labeled “Appraised Prop. Value”).

### *Transaction Information*

Creditors would be required to disclose the names and addresses of each of the parties to the transaction: the borrower, seller, and lender, as applicable (under the heading “Transaction Information”).

### *Loan Information*

The following loan information would have to be disclosed under the heading “Loan Term:”

- The purpose of the loan (labeled “Purpose”);
- The loan product (labeled “Product”);
- The loan type (labeled “Loan Type”);
- The loan identification number (labeled “Loan ID #”); and
- The mortgage insurance case number (labeled “MIC #”).

### *Loan Terms*

The following key loan terms would have to be disclosed: the loan amount; interest rate; periodic principal and interest payment; whether the loan amount, interest rate, or periodic payment may increase; and whether the loan has a prepayment penalty or balloon payment.

### *Projected Payments*

Creditors would be required to disclose the periodic payment or range of payments, together with an estimate of the taxes, insurance, and assessments and the payments to be made with escrow account funds;

### *Cash to Close*



Creditors would be required to disclose the actual total closing costs imposed upon the consumer and the amount of the cash required at consummation from the consumer, with a breakdown of the amounts of loan costs and other costs associated with the transaction (under a heading of “Cash to Close” and labeled “Cash to Close”);

***Would the use of line numbers under RESPA disclosures lower software-related costs on industry?***

*Closing Cost Details; Loan Costs*

The following closing cost details would be disclosed under a master heading of “Closing Cost Details” with columns stating whether the charge is paid at or before consummation by the consumer or the seller, or paid by others:

- “Origination Charges,” which encompasses the same items as disclosed on the Loan Estimate, along with any compensation of a loan originator paid by the creditor;
- “Services Borrower Did Not Shop For,” which would be the costs of services that were required by the creditor and provided by persons other than the creditor for which the consumer could not or did not shop;
- “Services Borrower Did Shop For”; and
- “Total Loan Costs (Borrower-Paid).”

*Closing Cost Details; Other Costs*

All other costs in the credit transaction and the real estate transaction would be disclosed in a table under the heading of “Other Costs” in four subcategories:

- “Taxes and Other Government Fees”;
- “Prepays”;
- “Initial Escrow Payment at Closing”;
- “Other” costs, including all real estate brokerage fees, home owner’s or condominium association charges paid at closing, home warranties, inspection fees, and other fees that are part of the real estate transaction but not required by the creditor. The label for costs of premiums for separate insurance, warranty, guarantee, or event-coverage products must include the parenthetical “(optional)” at the end; and
- “Total Other Costs (Borrower-Paid),” the total of the consumer paid charges at closing and the consumer paid charges before closing.

*Closing Cost Totals*

The subtotals of closing costs and total closing costs paid by the consumer must be disclosed under the proposed “Total Closing Costs (Borrower-Paid),” in alphabetical order.

*Calculating Cash to Close*

The proposal would require the Closing Disclosure to 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 shown on the Loan Estimate.

Disclosing the cash to close amount and how it was calculated 3 business days in advance of consummation generally provides the consumer with a three-business-day window to make arrangements to have the necessary funds available for the consummation.

The proposed comment discusses how, in the event a difference or an increase in costs has occurred, certain words within the narrative text that are included under the subheading “Did this change?” are displayed more prominently than other disclosures, and gives an example of such a prominent statement.

#### *Total Closing Costs*

The proposed rule would require the disclosure of a comparison of the consumer’s estimated and actual “Total Closing Costs” amounts, which would be the same amount that is disclosed in the “Calculating Cash to Close” and “Total Closing Costs” amount disclosed on the Loan Estimate.

If the actual amount of “Total Closing Costs” is different than the estimated amount of such costs as shown on the Loan Estimate (unless the difference is due to rounding), the creditor or closing agent would have to state, under the subheading “Did this change?”, that the consumer should see the total loan costs and total other costs subtotals disclosed on the Closing Disclosure, and must include a reference to such disclosures, as applicable.

#### *Closing Costs Subtotal Paid Before Closing*

The proposal would require the disclosure of a comparison of the estimated and actual amounts of the “Total Closing Costs” that are paid before consummation of the transaction. The estimated “Closing Costs Subtotal Paid Before Closing” must be disclosed as \$0.

If the actual amount of “Closing Costs Subtotal Paid Before Closing” is different than the estimated amount, in this case \$0 (unless the difference is due to rounding), the creditor or closing agent would be required to state under the subheading “Did this change?” that the consumer paid such costs before consummation.

#### *Closing Costs Financed*

A comparison of the estimated and actual amounts of the “Total Closing Costs” that are financed would have to be disclosed. The estimated “Closing Costs Financed” amount would be the same amount that is disclosed in the “Calculating Cash to Close” table in the Loan Estimate. If the actual amount of “Closing Costs Financed” is different than the estimated amount (unless the excess is due to rounding), the creditor or closing agent would be required to state under the subheading “Did this change?” that the consumer included these closing costs in the loan amount, which increased the loan amount.

#### *Downpayment/Funds from Borrower*

The proposal would require the disclosure of a comparison of the estimated and actual amounts of the “Downpayment/Funds from Borrower.” The estimated “Downpayment/Funds from Borrower” amount would be the same amount that is disclosed on the “Calculating Cash to Close” table in the Loan Estimate. If such calculation yields a positive number, then the positive number is disclosed; otherwise, \$0.00 would be disclosed.

If the actual amount of “Downpayment/Funds from Borrower” is different than the estimated amount (unless the difference is due to rounding), the creditor or closing agent would be required to state under the subheading “Did this change?” that the consumer increased or decreased the payment. The proposed comment would clarify that a statement that, in the event the purchase price of the property increased, that statement could read, for example: “You increased this payment. See details in Section K.” In the event the loan amount decreased, that statement could read, for example, “You increased this payment. See details in Section L.”

### *Deposit*

The proposed rule would require a comparison of the estimated and actual amounts of the “Deposit,” which would be the same amount disclosed in the “Calculating Cash to Close” table on the Loan Estimate. If the actual amount of “Deposit” is different than the estimated amount (unless the difference is due to rounding), the creditor or closing agent would be required to state, under the subheading “Did this change?,” that the consumer increased or decreased this payment, as applicable.

### *Funds for Borrower*

A comparison of the estimated and actual amounts of the “Funds for Borrower” would be required, which would be the same as the amount disclosed in the “Calculating Cash to Close” table in the Loan Estimate.

If the actual amount is different than the estimated amount (unless the difference is due to rounding), the creditor or closing agent would be required to state in the subheading “Did this change?” that the consumer’s available funds from the loan amount have increased or decreased, as applicable.

### *Seller Credits*

A comparison of the estimated and actual amounts of the “Seller Credits” would be required, which would be the same amount that is disclosed on the “Calculating Cash to Close” table in the Loan Estimate

If the actual amount is different than the estimated amount (unless the difference is due to rounding), the creditor or closing agent would be required to state that fact under the subheading “Did this change?.”

### *Adjustments and Other Credits*

A comparison of the estimated and actual amounts of the “Adjustments and Other Credits” would be required, which would be the same amount that is disclosed on the “Calculating Cash to Close” table in the Loan Estimate.

If the actual amount of “Adjustments and Other Credits” is different than the estimated amount (unless the difference is due to rounding), the creditor or closing agent would be required to state that fact under the subheading “Did this change?.”

### *Cash to Close*

A comparison of the estimated and actual amounts of the “Cash to Close” would be required, which would be the same amount that is disclosed on the “Calculating Cash to Close” table in the Loan Estimate.

### *Summaries of Borrower’s and Seller’s Transactions*

The proposed rule would require creditors or closing agents to provide the summaries of a consumer’s and seller’s transactions that are currently provided in the RESPA settlement statement.

The format required of the proposed model form H-25 of appendix H to Regulation Z would contain a two-digit line numbering system, in contrast to the three digit line numbering system for this information on the current RESPA settlement statement.

***Will the use of line numbers lower software-related costs on industry? If so, by how much?***

### *Summary of Borrower's Transaction*

The proposal would require creditors or closing agents to provide the summaries of a consumer's and seller's transactions in separate tables under the heading "Summaries of Transactions" with a statement that the purpose of the table is to summarize the transaction.

### *Itemization of Amount Due from Borrower*

The proposed rule would require creditors or closing agents to disclose the total amount due from a consumer labeled "Due from Borrower at Closing." The following information would be required below this label:

- A reference to the sale price of the property and the amount of the contract sales price of the property being sold, excluding the price of any items of tangible personal property if the consumer and seller have agreed to a separate price for such items; and
- A reference to the subtotal of closing costs paid at closing by the consumer with adjustments for items paid by the seller in advance must also be provided by the creditor or closing agent. Manufactured homes are **not** considered personal property for purposes of this section of the rule.

A description and the cost of any other items owed by the consumer not otherwise disclosed would also be required.

Additionally, creditors or closing agents would be required to provide a reference to city/town and county taxes and/or assessments, the time period that the consumer is responsible to reimburse the seller for any such prepaid amounts, and the prorated amount of any such prepaid taxes and/or assessments due from the consumer at closing. Amounts disclosed here could be for additional taxes not disclosed elsewhere, flood and hazard insurance premiums where the consumer is being substituted as an insured under the same policy, mortgage insurance in loan assumptions, planned unit development or condominium association assessments paid in advance, fuel or other supplies on hand purchased by the seller which the consumer will use when consumer takes possession of the property, and ground rent paid in advance.

### *Itemization of Amounts Already Paid by or on Behalf of Borrower*

The proposal would require creditors or closing agents to disclose the total amount paid by or on behalf of a consumer prior to closing as "Paid Already by or on Behalf of Borrower at Closing," excluding items paid from funds other than closing funds. Below this label, a reference to the amount of the deposit, the consumer's loan amount, the existing loans assumed or taken subject to at closing, seller credit, other credits not otherwise disclosed, and adjustments for items unpaid by seller would be required to be disclosed.

This section would also a reference to the principal amount of the consumer's new loan or the amount of the first user loan (i.e., a loan used to finance construction of a new structure or purchase of a manufactured home). How to disclose a first user loan would depend on whether it is known if the manufactured home will be considered real property at the time of consummation.

Any amounts disclosed here could also be used for disclosing the following:

- Subordinate financing proceeds. For subordinate financing, the principal amount of the loan would have to be disclosed with a brief explanation. If the net proceeds of the loan are less than the principal amount, the net proceeds could be listed on the same lines as the principal amount;

- Satisfaction of existing subordinate liens by the consumer. Any amounts paid to satisfy existing subordinate liens by the consumer with funds outside of closing funds would have to be disclosed with a statement that such amounts were paid outside of closing;
- A transferred escrow balance in a refinance transaction as a credit along with a description of the transferred escrow balance; and/or
- Gift funds provided on the consumer's behalf by parties not otherwise associated with the transaction.

The proposal would require creditors or closing agents to provide a reference to city/town taxes, the time period that a seller is responsible for the payment of any such unpaid taxes, and the prorated amount of any such taxes dues from a seller at closing.

Finally, the proposal would require creditors or closing agents to provide a description and the amount of any additional items which have not yet been paid and which a consumer is expected to pay, but which are attributable to a period of time prior to closing. Any amounts disclosed here would be for other items not paid by the seller, such as utilities used by the seller, rent collected in advance by the seller from a tenant for a period extending beyond the closing date, and interest on loan assumptions.

#### *Calculation of Borrower's Transaction*

The proposal would require the creditor or closing agent to provide a reference to the total amount due from the consumer at closing, labeled "Calculation," and shown as a negative number.

A reference to cash to close would be required, including a statement of whether the disclosed amount is due from or to the consumer and, if so, how much. If the result is positive, the amount is due from the consumer. If the result is negative, the amount is due to the consumer.

#### *Items Paid Outside of Closing Funds*

The proposed rule would require creditors or closing agents to state amounts paid outside of closing with the phrase "paid outside closing" or "P.O.C."

#### *Summary of Seller's Transaction*

The proposal would require creditors or closing agents to provide the summaries of a seller's transaction in a separate tables under the heading "Summaries of Transactions." This would **not** apply in transaction where there is no seller, such as a refinance transaction.

#### *Itemization of Amounts Due to Seller*

The proposed rule would require creditors or closing agents to disclose the total amount due to a seller at closing, labeled "Due to Seller at Closing," excluding items paid from funds other than closing funds. Below this label, the following would have to be disclosed:

- A reference to the sale price of the property and the amount of the real estate contract sales price of the property being sold, excluding the price of any items of tangible personal property if the consumer and seller have agreed to a separate price for such items; and
- A reference for adjustments for items paid by seller in advance must also be provided by the creditor or closing agent.

Creditors or closing agents would be required to provide a description and the amount of other items to be paid to the seller by the consumer under the contract of sale or other agreement, such as charges that were not listed on the Loan Estimate or items paid by the seller prior to closing but reimbursed by the consumer at consummation. Proposed § 1026.38(k)(1)(vi) requires the creditor or closing agent to provide a reference to city/town and county taxes and assessments, the time period that the consumer is responsible for reimbursing the seller for any such prepaid taxes and assessments, and the prorated amount of any such prepaid taxes and assessments due from the consumer at closing.

#### *Itemization of Amounts Due from Seller*

The proposed rule would require creditors or closing agents to disclose the total amount due from the seller at closing, labeled “Due from Seller at Closing,” excluding items paid from funds other than closing funds. Below this label, creditors or closing agents would be required to provide a reference to the amount of excess deposit, the consumer’s loan amount, the existing loans assumed or taken subject to at closing, the payoff amount of first mortgage loan, the payoff of second mortgage loan, seller credit, and adjustments for items unpaid by seller.

A reference to existing loans assumed or taken subject to by the consumer and the amount of those loans would be required. The amount of the outstanding balance of any lien that the consumer is assuming or taking title subject and is to be deducted from the sales price would also have to be disclosed.

The proposal would require creditors or closing agents to provide a reference to, and the amount of, the payoff of the first and/or second mortgage loan.

Creditors or closing agents would be required to provide a reference to seller credits and the total amount of money that the seller will provide as a lump sum at closing to pay for loan costs and other costs, designated borrower-paid at or before closing.

A description and the amount of any and all other obligations required to be paid by the seller at closing, including any lien-related payoffs, fees, or obligations would be required. The satisfaction of existing liens by the consumer that are not deducted from the sales price would be disclosed as paid outside of closing.

The proposal would also require creditors or closing agents to provide a reference to adjustments for items unpaid by seller. A reference to city/town and county taxes and assessments, the time period that the seller is responsible for payment of any such unpaid taxes and assessments, and the prorated amount of any such unpaid taxes and/or assessments due from the seller at closing would be required.

#### *Calculation of Seller’s Transaction*

Proposed § 1026.38(k)(3) would require the creditor or closing agent to disclose the subheading “Calculation,” which would be a reference to the total due to seller at closing, describe as a negative number.

Proposed § 1026.38(k)(3)(iii) requires the creditor or closing agent to provide a reference to cash, a statement of whether the disclosed amount is due from or to the seller, and how much. If the result is positive, the amount is due to the seller. If the result is negative, the amount is due from the seller.

#### *Items Paid Outside of Closing Funds*

Amounts paid outside of closing would be labeled “paid outside closing” or “P.O.C.”

## *Loan Disclosures*

The following disclosure would be required to be grouped together under the master heading “Additional Information About This Loan” and under the heading “Loan Disclosures”:

- The statement whether a subsequent purchaser may be permitted to assume the remaining loan obligation.<sup>3</sup>
- A statement whether the legal obligation permits the creditor to demand early repayment of the loan and, if so, a statement that the consumer should review the loan document for more details, labeled “Demand Feature”;
- The statement which details any charge that may be imposed for a late payment, stated as a dollar amount or percentage charge of the late payment amount, and the number of days that a payment may be late to trigger the late payment fee;
- If the regular periodic payment does not cover all of the interest due, a statement that the principal balance will increase, that the principal balance will likely exceed the original loan amount, and that increases in the principal balance will lower the consumer’s equity in the property, located under the subheading “Negative Amortization (Increase in Loan Amount).”
- Under the subheading “Partial Payment Policy,” a statement of whether it will accept monthly payments that are less than the full amount due and that, if the loan is sold, the new creditor may have a different policy. If partial payments are accepted, the creditor would also have to provide a brief description of its partial payment policy, including the manner and order in which any partial payments are applied to the principal, interest, or an escrow account for partial payments and whether any penalties apply;
- If the creditor will take a security interest in the property that is the subject of a mortgage loan transaction, a statement that the consumer is granting it a security interest in that property, the address of the property, and a statement that the consumer may lose the property if the consumer fails to make payments or satisfy other requirements of the legal obligation. This information would be located under the subheading “Security Interest”; and
- A statement whether the consumer’s loan will have an escrow account, and certain details about the payments made using escrow account funds and those the consumer must make directly. If the loan will **not** have an escrow account, creditors would be required to disclose the reason for this, as well as a statement that the consumer must pay all property costs, such as taxes and homeowner’s insurance, directly.

## *Adjustable Payment Table*

Creditors would be required to disclose on the Closing Disclosure the Adjustable Payment table if, under the terms of the legal obligation, the principal and interest payment may adjust without a corresponding adjustment to the interest rate or if the loan is a seasonal payment product.

The information required to be disclosed in the table includes: the periodic payment at the first adjustment of the payment; the number of the earliest number payment that could reflect an adjustment to the amount of the periodic payment; the maximum possible principal and interest payment; the number of the earliest payment that could reflect the maximum possible periodic payment; an affirmative or negative statement

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<sup>3</sup> Under NCUA Part 701.21(g)(7), assumptions are permissible for federal credit unions, provided the assumption is only for the unpaid balance, the loan terms remain unchanged, and there is no extension of the original maturity date specified in the loan agreement. No such allowance is provided in the Michigan Credit Union Act for state-chartered credit unions.

of whether the loan has an interest-only, payment-option, step-payment period, or seasonal payment period; and the length of such a period and the payments affected.

#### *Adjustable Interest Rate Table*

The proposal would require the following information in the table:

- The index and margin for an adjustable rate loan for which the interest rate will adjust according to an index that is beyond the control of the creditor;
- For a loan with an interest rate that changes based on something other than such an index, such as a “step-rate” product, the amount of the scheduled adjustments and their frequency;
- The interest rate at consummation;
- The minimum and maximum possible interest rates after consummation of the loan, after any introductory or teaser rate expires;
- The maximum possible change in the interest rate at the first adjustment;
- The maximum possible change for subsequent adjustments of the interest rate;
- The month after consummation when the interest rate may first change, counted from the date that interest begins to accrue for the first periodic principal and interest payment; and
- The frequency of subsequent interest rate adjustments after consummation.

#### *Loan Calculations*

Under the heading “Loan Calculations,” the rule would require the following information:

- The term “Total of Payments,” and the statement that the disclosure is the total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled;
- The finance charge, using that term, and the descriptive statement “the dollar amount the loan will cost you.” The finance charge would **not** have to be disclosed more conspicuously than other disclosures. The finance charge (including the amount financed and the APR) would be treated as accurate if the amount disclosed is understated by no more than \$100 or is greater than the amount required to be disclosed;
- The amount financed, using that term, together with the descriptive statement, “the loan amount available after paying your upfront finance charge;”
- The “annual percentage rate” and the abbreviation “APR,” together with the following statement: “Your costs over the loan term expressed as a rate. This is not your interest rate”;
- The “total interest percentage,” using that term and the abbreviation “TIP.” The Bureau proposes to require creditors to disclose the following descriptive statement of the total interest percentage: “This rate is the total amount of interest that you will pay over the loan term as a percentage of your loan amount”; and
- “The approximate amount of the wholesale rate of funds in connection with the loan,” which would mean the actual cost of borrowing funds for use in mortgage lending. The abbreviation “ACF” would also be required, along with the statement: “The approximate cost of funds used to make this loan. This is not a direct cost to you.”

*Should the \$100 tolerance be raised in light of the expanded definition of the finance charge for closed-end transactions secured by real property or a dwelling?*

*Should the CFPB remove the TIP from the Closing Disclosure?*



***What would be required for creditors to disclose their actual costs of funds? Should the cost of funds be removed from the Loan Estimate and Closing Disclosure?***

*Other Disclosures*

The following would be required under the heading “Other Disclosures”:

- A disclosure regarding the right to receive an appraisal on the Closing Disclosure the consumer receives 3 days prior to consummation;
- A statement that the consumer should review the loan contract for additional information about loan terms; specifically, that the consumer should refer to the appropriate loan document and security instrument for information about nonpayment, what constitutes a default under the legal obligation, circumstances under which the creditor may accelerate the maturity of the obligation, and prepayment rebates and penalties. This information would be required to be disclosed under the subheading “Contract Details”;
- Under the subheading “Liability after Foreclosure,” a brief statement whether or not State law may protect the consumer from liability for the unpaid balance. The statement must also advise the consumer that any such protection may be lost if the consumer refinances the loan or incurs additional debt on the property and that the consumer should consult an attorney for additional information;
- A statement regarding the consumer’s future ability to refinance their loan; and
- A statement that, if the consumer borrows more than the value of the property, the interest on the loan amount above the market value is not deductible from Federal income taxes, along with a statement advising the consumer to consult a tax professional for additional information.

*Questions Notice*

The proposed would require creditors or closing agents to provide a statement that consumers should contact the creditor with any questions about the disclosures, a reference to the CFPB’s website to obtain more information or to make a complaint, and a prominent question mark.

Even if the alternative language allowing a closing agent to provide the disclosures in place of the creditor in finalized, the CFPB believes the notice should in all cases reference the creditor, rather than the closing agent, because the creditor is better positioned to answer the consumer’s questions relating to the disclosures.

Should the notice include a statement directing the consumer to contact the creditor or the closing agent with questions, or a statement directing the consumer to contact the closing agent, if the disclosures are provided by the closing agent?

*Contact Information*

The Closing Disclosure would have to contain a contact information table for the creditor, the mortgage broker, the consumer’s real estate broker, the seller’s real estate broker, and the closing agent. The table would include the following contact information for each party, as applicable: name, address, NMLSR identification/license number, name of primary contact, NMLSR identification/license number of the primary contact, email address of primary contact, and phone number of primary contact.

*Signature Statement*

Under the proposal, consumers would be required to sign the Closing Disclosure to acknowledge receipt.

### *General Requirements*

The Closing Disclosure would be required to be clear and conspicuous, in writing, and grouped together, segregated from everything else, and provided on separate pages that are not commingled with any other documents or disclosures, including any other disclosures required by State or other laws.

#### ***Are there any transactions that would be burdened by the adoption of this requirement?***

Disclosures could only contain the information required by the proposed rule and must generally be made in the same order, and positioned relative to the master headings, headings, subheadings, labels, and similar designations in the same manner, as shown in model form H-25.

### *Estimated Disclosures*

Wherever form H-25 designates the required master heading, heading, subheading, label, or similar designation for a disclosure as “estimated,” that corresponding master heading, heading, subheading, label, or similar designation would have to include the word “estimated,” even if the provision requiring such heading, label, or similar designation does not contain the word.

### *Form*

For a transaction that is a federally related mortgage loan, as defined in Regulation X, the disclosures would have to be made using form H-25 of appendix H to this part.

These would include construction-only loans with terms of less than 2 years that do not finance the transfer of title to the consumer and loans secured by vacant land on which a home will not be constructed or placed using the loan proceeds within two years after settlement of the loan. In addition, transactions subject to the Closing Disclosure requirements in Regulation Z, but not subject to RESPA, would include loans secured by non-residential real property, provided they have a consumer purpose.

For transactions that are subject TILA and are secured by real property, but are **not** subject to RESPA form H-25 would **not** have to be used as a standard form.

#### ***What are the advantages, such as cost-saving benefits, and disadvantages of requiring a standard form for the Closing Disclosure for federally related mortgage loans and model forms for other credit transactions subject to the Closing Disclosure requirements?***

The proposed rule would also provide that the disclosures could be provided in electronic form, subject to compliance with the Electronic Signatures in Global and National Commerce Act.

### *Rounding*

The proposed rule would require certain numerical amounts on the Closing Disclosure to be rounded.

### *Exceptions*

The proposed rule would provide a specific list of exceptions to the format of the Closing Disclosure, as illustrated in form H-25 of appendix H to Regulation Z.

The Closing Disclosure may be provided to parties other than consumers, unlike the Loan Estimate. In light of privacy considerations that may arise, the proposed rule would permit creditors or settlement

agents preparing the disclosure to leave certain information regarding a consumer's transaction blank in the disclosure provided to the seller and vice versa.

Effective Date

*When should this final rule be effective? How much time is needed to make these changes? Should small entities affected by the rule have more time to comply with the final rule than larger entities?*

The Bureau solicits comment on whether the level of detail in the proposed regulations and guidance (including the number of examples illustrating what is and is not permitted) will make compliance more, rather than less, burdensome and whether the Bureau should adopt a less prescriptive approach in the final rule.

**Comment Letters**

**Please submit a Comment Letter to:**

Monica Jackson  
Office of the Executive Secretary  
Bureau of Consumer Financial Protection  
1700 G Street NW.  
Washington, DC 20552.

Identify your letter by Docket No. CFPB-2012-0028.

**Electronic:** <http://www.regulations.gov>. Follow the instructions for submitting comments. Include RIN 3170-AA19 in the submission. Refer to Docket Number CFPB-2012-0028.

**Please submit to MCUL a copy of your response to the attention of:**

**Veronica Madsen**  
Director of Regulatory Affairs  
Michigan Credit Union League & Affiliates  
38695 W. Seven Mile Road, Suite 200  
Livonia, MI 48152-7097

**E-mail:** [veronica.madsen@mcul.org](mailto:veronica.madsen@mcul.org)

**Fax:** (734) 793-7155

**We Appreciate Your Response.**