

2. Loan Estimate

2.1 General Requirements

2.1.1 Issuance and Delivery

You must provide a **Loan Estimate** to the consumer, either by delivering by hand or placing in the mail, no later than three business days of the receipt of an application. An application is considered received when the consumer provides the following information:

- Consumer's name,
- Consumer's income,
- Consumer's Social Security number to obtain a credit report,
- Address of the property,
- Estimate of the value of the property, and
- The mortgage loan amount sought.

2.1.2 Revised Loan Estimate

When there is a changed circumstance after the **Loan Estimate** has been provided, the creditor can revise the **Loan Estimate** within three business days. A revised **Loan Estimate** generally can be provided no later than seven business days before consummation. (See section 2.1.5 below)

2.1.3 Use of Compliance Guide

Please see *Compliance Guide*, sections 6, 7, 8, and 9, for additional information on details of these requirements. The information that follows discusses how to complete the Loan Estimate. Samples of completed **Loan Estimates** can be found at consumerfinance.gov/regulatory-implementation/tila-respa/.

2.1.4 Rounding

Dollar amounts must be rounded to the nearest whole dollar where noted in the regulation. (§ 1026.37(o)(4)) If an amount is required to be rounded but is composed of other amounts that are **not** required or permitted to be rounded, use the unrounded amounts in calculating the total and then round the final sum. Conversely, if an amount is required to be rounded and is composed of rounded amounts, use the rounded amounts in calculating the total. (Comment 37(o)(4)-2)

Percentage amounts may not be rounded and should be shown up to two or three decimals, as needed, except where noted in the regulation. (§ 1026.37(o)(4)(ii)) If a percentage amount is a whole number, show the whole number only with no decimals. (§ 1026.37(o)(4)(ii); Comment 37(o)(4)(ii)-1)

2.1.5 Consummation

Consummation is not the same thing as closing or settlement. Consummation occurs when the consumer becomes contractually obligated to the creditor on the loan, not, for example, when the consumer becomes contractually obligated to a seller on a real estate transaction. (§ 1026.2(a)(13))

This Guide uses references to the legal obligation, which includes the promissory note plus any other agreements between the creditor and consumer concerning the extension of credit.

The point in time when a consumer becomes contractually obligated to the creditor on the loan depends on applicable State law. (§ 1026.2(a)(13); Comment 2(a)(13)-1) Creditors and settlement agents should verify the applicable State laws to determine when consummation will occur, and make sure delivery of the **Loan Estimate** occurs within three business days of the receipt of an application.

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

Page 1 of the **Loan Estimate** includes the title “Loan Estimate” and a statement of “Save this Loan Estimate to compare with your Closing Disclosure.” (§ 1026.37(a)(1),(2)) The top of page 1 also includes the name and address of the creditor. (§ 1026.37(a)(3)) A logo or slogan can be used along with the creditor’s name and address, so long as the logo or slogan does **not** exceed the space provided for that information. (§ 1026.37(o)(5)(iii))

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

2.2.1 General Information

The image shows a portion of a Loan Estimate form. At the top right, it says "Save this Loan Estimate to compare with your Closing Disclosure." Below this is a horizontal line. On the left side, the title "Loan Estimate" is prominently displayed. Underneath it, there are several fields: "DATE ISSUED", "APPLICANTS", "PROPERTY", and "SALE PRICE". On the right side, there are fields for "LOAN TERM", "PURPOSE", "PRODUCT", "LOAN TYPE" (with checkboxes for Conventional, FHA, VA, and a blank line), "LOAN ID #", and "RATE LOCK" (with checkboxes for NO and YES, until). Below the "RATE LOCK" field, there is a note: "Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on".

FIGURE 2: GENERAL INFORMATION OF THE LOAN ESTIMATE

Date Issued

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

Applicants

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

Property

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

Sale Price or Appraised Value or Estimated Value

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

If the loan is for a transaction without a seller, use **Appraised Value** or **Estimated Value**. (Comment 37(a)(7)-1)

Loan Term

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

Purpose

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

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

- **Construction** is disclosed if the loan will be used to finance the initial construction of a dwelling on the property disclosed on the **Loan Estimate**. (§ 1026.37(a)(9)(iii))
- **Home Equity Loan** is disclosed if the loan will be used for any other purpose. (§ 1026.37(a)(9)(iv))

Product

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

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

- **Negative Amortization** is when the principal balance of the loan may increase due to the addition of accrued interest to the principal balance.
- **Interest Only** is when one or more regular periodic payments may be applied only to interest accrued and **not** to the principal of the loan.
- **Step Payment** is when the scheduled variations in regular periodic payment amounts occur that are not caused by changes to the interest rate during the loan term.
- **Balloon Payment** is when the terms of the legal obligation include a payment that is more than two times that of a regular periodic payment.
- **Seasonal Payment** is when the terms of the legal obligation expressly provide that regular periodic payments are **not** scheduled between specified unit-periods on a regular basis. For example, a “teacher” loan that does **not** require monthly payments during summer months has a **Seasonal Payment**.
- If the loan can be described with more than one of these descriptions, only the first applicable feature is disclosed. (§ 1026.37(a)(10)(iii)) For example, a loan that would result in both **Negative Amortization** and a **Balloon Payment** would only disclose **Negative Amortization** as part of **Product**.

The second piece of information disclosed is whether the loan uses an **Adjustable Rate**, **Step Rate**, or **Fixed Rate** to determine the interest rate applied to the principal balance. (§ 1026.37(a)(10)(i))

- An interest rate is an **Adjustable Rate** if the interest rate may increase after consummation, but the rates that will apply or the periods for which they will apply are **not** known at consummation. (§ 1026.37(a)(10)(i)(A))
 - Each description must be preceded by the duration of any introductory rate or payment period, and the first adjustment period, as applicable. (§ 1026.37(a)(10)(iv)) For example, a product with an introductory rate that is fixed for the first five years and adjusts every three years starting in year 6 is a 5/3 Adjustable Rate.
 - When there is no introductory period for an Adjustable Rate, disclose “0.” (Comment 37(a)(10)-1.i.A) For example, a product with no introductory rate that adjusts every year after consummation is a 0/1 Adjustable Rate.
- An interest rate is a **Step Rate** if the interest rate will change after consummation and the rates that will apply and the periods for which they apply are known at consummation. (§ 1026.37(a)(10)(i)(B))
 - Each description must be preceded by the duration of any introductory rate or payment period, and the first adjustment period, as applicable. (§ 1026.37(a)(10)(iv)) For example, a product with a step rate that lasts for ten years, adjusts every year for five years, and then adjusts every three years for the next 15 years is a **10/1 Step Rate**. (Comment 37(a)(10)-1.ii)
 - When there is no introductory rate for a **Step Rate**, disclose “0” and then the applicable time period until the first adjustment. (Comment 37(a)(10)-1.ii)
- An interest rate is a **Fixed Rate** if the interest rate is **not** an **Adjustable Rate** or **Step Rate**. (§ 1026.37(a)(10)(i)(C))

The following are examples of **Product** with both pieces of information included:

- **Year 7 Balloon Payment, 3/1 Step Rate:** a step rate with an introductory interest rate that lasts for three years and adjusts each year thereafter until a balloon payment is due in the seventh year of the loan term.
- **2 Year Negative Amortization, Fixed Rate:** a fixed rate product with a step-payment feature for the first two years of the legal obligation that may negatively amortize.

When the time periods disclosed in **Product** are **not** in whole years, for time

periods of 24 months or more, disclose the applicable fraction of a year by use of decimals rounded to two places. For time periods of 24 months or less, disclose the number of months with the abbreviation “mo.” (Comment 37(a)(10)-3) For example:

- An **Adjustable Rate Product** with an introductory interest rate for 31 months that adjusts every year thereafter is a **2.58/1 Adjustable Rate**.
- An **Adjustable Rate Product** with an introductory interest rate for 18 months that adjusts every 18 months thereafter is an **18 mo./18 mo. Adjustable Rate**.

For more **Product** examples, please see Comments 37(a)(10)-1, -2 and -3 in the Official Interpretations to Regulation Z.

Loan Type

Loan Type is the type of the loan, such as Conventional or FHA.

For **Loan Type**, disclose:

- **Conventional** if the loan is **not** guaranteed or insured by a Federal or State government agency,
- **FHA** if the loan is insured by the Federal Housing Administration,
- **VA** if the loan is guaranteed by the U.S. Department of Veterans Affairs, and
- **Other** with a brief description if the loan is insured or guaranteed by another Federal or a State agency. (§ 1026.37(a)(11))

Loan ID#

Loan ID # is the creditor’s loan identification number that may be used by a creditor, consumer, and other parties to identify the transaction. The **Loan ID #** may contain alpha-numeric characters and must be unique to the particular transaction. The same **Loan ID #** may **not** be used for different, but related, loan transactions (such as different loans to the same borrower). When a revised **Loan Estimate** is issued, the **Loan ID #** must be sufficient for the purpose of identifying the transaction associated with the initial **Loan Estimate**. (Comment 37(a)(12)-1)

Rate Lock

Indicate the rate is locked with **Yes**, indicate the rate is **not** locked with **No**.
 (§ 1026.37(a)(13))

When the interest rate is locked at the time of the **Loan Estimate's** delivery, the date and time (including the applicable time zone) when the lock period ends must be disclosed. (§ 1026.37(a)(13)(i))

The date and time (including the applicable time zone) at which the estimated closing costs expire must be disclosed on every **Loan Estimate**. (§ 1026.37(a)(13)(ii))

2.2.2 Loan Terms

Loan Terms	Can this amount increase after closing?
Loan Amount	
Interest Rate	
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
	Does the loan have these features?
Prepayment Penalty	
Balloon Payment	

FIGURE 3: LOAN TERMS TABLE OF THE LOAN ESTIMATE

Disclose in the **Loan Terms** table:

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

Interest Rate & Monthly Principal & Interest

If the initial **Interest Rate** is **not** known at consummation, the fully-indexed rate is disclosed; a fully-indexed rate is the interest rate calculated using the index value and margin at the time of consummation. (§ 1026.37(b)(2))

The initial principal and interest payment amount also would be calculated using the same fully-indexed rate. (§ 1026.37(b)(3))

Adjustment to Loan Amount, Interest Rate, and Monthly Principal & Interest after consummation

Under the subheading **Can this amount increase after closing?**, if the **Loan Amount**, **Interest Rate**, or **Monthly Principal & Interest** amounts can increase after consummation, disclose **Yes** where applicable with the information pertinent to the adjustment after consummation. (§ 1026.37(b)(6))

When describing time periods less than 24 months that are **not** whole years, see the instructions related to the **Product** in section 2.2.1 above

- For an adjustment in **Loan Amount**, the creditor must also disclose the maximum principal balance for the transaction and the due date (expressed as the year or month in which it occurs, rather than an exact date) of the last payment that may cause the principal balance to increase, together with a statement whether the maximum principal balance may or will occur under the terms of the legal obligation. (§ 1026.37(b)(6)(i)) The date disclosed is the year in which the event occurs, counting from the due date of the initial periodic payment. (§ 1026.37(b)(8)(ii))
- For an adjustment in the **Interest Rate**, also disclose the frequency of interest rate adjustments, the date when the interest rate may first adjust, the maximum interest rate, and the first date when the interest rate can reach the maximum interest rate. (§ 1026.37(b)(6)(ii)) The date disclosed is the year in which the event occurs, counting from the date that interest for the first scheduled periodic payment begins to accrue after consummation. (§ 1026.37(b)(8)(i)) Also, disclose and reference the **Adjustable Interest Rate (AIR) Table** on page 2 of the **Loan Estimate**. (§ 1026.37(b)(6)(ii))
- For an adjustment to the **Monthly Principal & Interest**, the creditor would also disclose the scheduled frequency of adjustments, due date of the first adjustment, and the maximum possible amount (and the earliest date it can occur) of the **Monthly Principal & Interest**. In addition, if there is a period during which only interest is required to be paid, also disclose that fact and the

due date of the last periodic payment of such period. (§ 1026.37(b)(6)(iii)) The date disclosed is the year in which the event occurs, counting from the due date of the initial payment. (§ 1026.37(b)(8)(ii)) Also, disclose and reference the **Adjustable Payment (AP) Table** on page 2. (§ 1026.37(b)(6)(iii))

When the **Loan Amount**, **Interest Rate**, or **Monthly Principal & Interest** payment cannot increase after consummation, disclose **No** where applicable. (§ 1026.37(b)(6))

Prepayment Penalty and Balloon Payment

A **Prepayment Penalty** is a charge imposed for paying all or part of a transaction's principal before the date on which the principal is due. It does **not** include a waived third-party charge that the creditor imposes if the consumer prepays the loan's entire principal sooner than 36 months after closing. (§ 1026.37(b)(4))

A **Balloon Payment** is a payment that is more than two times a regular periodic payment. (§ 1026.37(b)(5))

Under the subheading **Does the loan have these features?**, when the loan has a **Prepayment Penalty** or a **Balloon Payment** disclose **Yes**, as applicable. (§ 1026.37(b)(4) and (5)) When the answer is **Yes** to either, also disclose, as applicable:

- The maximum amount of the **Prepayment Penalty** and the date when the period during which the penalty may be imposed terminates. For example, **As high as \$3,240 if you pay off the loan in the first two years.** (§ 1026.37(b)(7)(i))
- The maximum amount of the **Balloon Payment** and the due date of such payment. For example, **You will have to pay \$149,263 at the end of year 7.** (§ 1026.37(b)(7)(ii))

When describing time periods less than 24 months that are **not** whole years, see the instructions related to the **Product** in section 2.2.1 above.

2.2.3 Projected Payments

Projected Payments											
Payment Calculation											
Principal & Interest											
Mortgage Insurance											
Estimated Escrow <i>Amount can increase over time</i>											
Estimated Total Monthly Payment											
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	<table border="0"> <thead> <tr> <th style="text-align: left;">This estimate includes</th> <th style="text-align: left;">In escrow?</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Property Taxes</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Homeowner's Insurance</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> <tr> <td colspan="2"><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></td> </tr> </tbody> </table>	This estimate includes	In escrow?	<input type="checkbox"/> Property Taxes		<input type="checkbox"/> Homeowner's Insurance		<input type="checkbox"/> Other:		<i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>	
This estimate includes	In escrow?										
<input type="checkbox"/> Property Taxes											
<input type="checkbox"/> Homeowner's Insurance											
<input type="checkbox"/> Other:											
<i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>											

FIGURE 4: PROJECTED PAYMENTS TABLE OF THE LOAN ESTIMATE

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

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

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

General Instructions

Show in one column the initial **Periodic Payment** (or range of payments if required) for each of **Principal & Interest**, **Mortgage Insurance**, and **Estimated Escrow**. (§ 1026.37(c)(1)) Depending on the features of the loan, subsequent periodic payments also may be required to be disclosed. The **Periodic Payment** is the regularly scheduled payment of **Principal & Interest**, **Mortgage Insurance**, and **Estimated Escrow**. (Comment 37(c)(1)(i)-1)

Initial Periodic Payment

To calculate the initial **Periodic Payment**, use the interest rate that will apply at closing, including any initial discounted or premium interest rate. If the interest rate at closing is **not** known, such as for an adjustable rate loan without an introductory fixed rate period, use the fully-indexed rate to determine the initial **Periodic Payment**. (Comment 37(c)(1)(i)-2)

Subsequent Periodic Payments

If any of the triggering events listed below may occur during the life of the loan, add a column to show the amount of the periodic payments after the triggering event. (§ 1026.37(c)(1)(i)):

- The **Principal & Interest** amount or range of such amount may change (for example if the loan has an adjustable rate). (§ 1026.37(c)(1)(i)(A))
 - **Negative Amortization** – for loans that have a **Negative Amortization** feature, the **Principal & Interest** amount may change when the **Negative Amortization** period ends under the terms of the legal obligation, meaning the consumer must begin making payments that do **not** result in an increase of the principal balance. (Comment 37(c)(1)(i)(A)-2)
 - **Interest Only** – for **Interest Only** loans, the **Principal & Interest** amount may change when the **Interest Only** period ends, meaning the consumer must begin making payments that do **not** defer repayment of principal. (Comment 37(c)(1)(i)(A)-3)
 - Minor **Periodic Payment** variations resulting solely from the fact that months have different numbers of days are **not** triggering events. (Comment 37(c)(1)(i)(A)-1)
- There is a scheduled **Balloon Payment**. (§ 1026.37(c)(1)(i)(B))
- The lender must automatically terminate **Mortgage Insurance** or any functional equivalent. (§ 1026.37(c)(1)(i)(C))
 - Even if the borrower may cancel the insurance earlier, use the date on which the lender must automatically terminate **Mortgage Insurance** coverage under applicable law. Only termination of **Mortgage Insurance** is a triggering event, while a decline in **Mortgage Insurance** premiums is **not**. (Comment 37(c)(1)(i)(C)-3)
- When the **Periodic Payment** amount changes more than once in a single year,

show in the subsequent column the **Periodic Payment** amounts in the year following the one in which there were multiple changes. (§ 1026.37(c)(1)(i)(D))
A year for this table is the 12-month period following the due date of the initial **Periodic Payment**. (§ 1026.37(c)(3)(ii))

Number of Columns

The maximum number of columns the **Periodic Payments** table may contain is four. If a loan has more than four triggering events, show a range of payments in the fourth column that reflects all remaining periodic payments **not** shown in the first three columns. (§ 1026.37(c)(1)(ii)) EXCEPT:

- A **Balloon Payment** scheduled as a final payment always requires its own column. (§ 1026.37(c)(1)(ii)(A))
- If disclosing the final **Balloon Payment** means that other triggering events will **not** fit within the four-column maximum, show the other triggering events as a range of payments in the third column. (§ 1026.37(c)(1)(ii)(A))
- A **Balloon Payment** that is **not** a final payment is a triggering event that does **not** necessarily require its own column. (Comment 37(c)(1)(ii)(A)-1)
- The automatic termination of **Mortgage Insurance** generally requires the corresponding periodic payment to be shown in its own column, unless doing so would exceed the four-column maximum. (§ 1026.37(c)(1)(ii)(B))
 - Where the automatic termination of **Mortgage Insurance** need **not** be shown in its own column, the column showing the next periodic payment or range of payments should show the periodic payment amount without **Mortgage Insurance**. (Comment 37(c)(1)(ii)(B)-1)
- Show a range of payments rather than a single payment when:
 - There are more triggering events than can be shown in four columns and thus one column must be used to show two or more periodic payment amounts.
 - More than one of the triggering events occurs in a single year or one of the triggering events occurs in the same year as the initial periodic payment.
 - The **Principal & Interest** payment may adjust based on an interest rate index and the rates are **not** yet known (i.e., for an adjustable rate loan). (§ 1026.37(c)(1)(iii))
- For a column that contains a range of payments, show both a minimum and

maximum payment using rounded dollar amounts. (§ 1026.37(c)(1)(iii), (o)(4)(ii)) For an **Adjustable Rate** loan, use the maximum and minimum interest rates that could apply such as through an interest rate cap. (Comment 37(c)(1)(iii)(C)-1)

- Ranges of payments are required only for the **Principal & Interest** amount and the **Estimated Total Monthly Payment**. Do **not** show a range of payments for **Mortgage Insurance** or **Estimated Escrow**. (Comment 37(c)(1)(iii)-1)

2.2.3.A Payment Calculation Column Headings

To the right of the **Payment Calculation** label, as column headings, use the years of the loan during which the payments or ranges of payments shown in that column will apply. (§ 1026.37(c)(3)(ii))

- Use a sequence of whole years, counting from the due date of the initial **Periodic Payment**.
 - For example, a two-column projected payments table might contain the headings “years 1-7” and “Years 8-30” if a triggering event occurs 85 months after the due date of the initial **Periodic Payment**. If a triggering event occurs in the middle of a year, use the next year in sequence as the heading for the subsequent column.
 - For example, assume a 30-year loan that requires **Interest Only** payments for the first 54 months from the due date of the initial **Periodic Payment**. The column heading for the initial **Periodic Payment** would be “Years 1-5” and the column heading for the subsequent **Periodic Payment** would be “Years 6-30” because the triggering event occurs during the 5th year of the loan. (Comment 37(c)(3)(ii)-1)
- For **Periodic Payments** that may increase based on an adjustment of the interest rate, use the maximum loan term possible under the terms of the legal obligation. To calculate the maximum loan term, assume that the interest rate rises as rapidly as is possible under the terms of the legal obligation, taking into account any applicable interest rate caps. (Comment 37(c)(3)(ii)-2)
- For a **Balloon Payment** scheduled as a final payment, use **Final Payment** as the column heading. (§ 1026.37(c)(3)(iii))

2.2.3.B Principal & Interest

Use the amount due for **Principal & Interest** for the period shown in the column heading. (§ 1026.37(c)(2)(i)) If the payment or range of payments includes any

payments of **Interest Only**, use the phrase **Only Interest** under the amount of the payment or range of payments.

Adjustable Rate Loans

Generally, calculate **Principal & Interest** using the maximum payments by assuming that the interest rate will rise as rapidly as possible, taking into account the terms of the legal obligation, including any applicable caps on interest rate adjustments and lifetime interest rate cap. Other laws, such as a State usury law, can set the maximum rate if the legal obligation does **not** include a lifetime interest rate cap. Calculate the minimum payments by assuming that the interest rate will decrease as rapidly as possible, taking into account any introductory rates, caps on interest rate adjustments, and lifetime interest rate floor. For an **Adjustable Rate** loan based on an index that has no lifetime interest rate floor, the minimum interest rate is equal to the margin. (Comment 37(c)(2)(i)-1)

For loans with a **Negative Amortization** feature, calculate **Principal & Interest** using the maximum payment amounts after the end of the period during which the principal balance may increase by assuming the maximum principal amount permitted under the terms of the legal obligation at the end of the period. Calculate the minimum payment amount by assuming the interest rate is the minimum possible under the terms of the legal obligation. (Comment 37(c)(2)(i)-2)

For loans with a **Balloon Payment** feature that may change depending on previous interest rate adjustments, calculate **Principal & Interest** using the assumptions for minimum and maximum interest rates described above and show as a range of payments. (Comment 37(c)(2)(i)-3)

2.2.3.C Mortgage Insurance

Disclose the maximum amount payable as **Mortgage Insurance** that corresponds to the **Principal & Interest** payment shown in the same column. (§ 1026.37(c)(2)(ii))
Disclose as a rounded number. (§ 1026.37(o)(4)(ii))

Mortgage Insurance includes any mortgage guarantee that provides coverage similar to mortgage insurance (such as a United States Department of Veterans Affairs or United States Department of Agriculture guarantee), even if **not** technically considered insurance under State or other applicable law. (§ 1026.4(b)(5); Comment 37(c)(1)(i)(C)-1)

Calculate **Mortgage Insurance** premiums based on the principal balance that will exist after changes to the interest rate and payment amounts pursuant to the

legal obligation. The calculations should take into account any initial discounted or premium interest rate. For example, for an **Adjustable Rate** transaction that has a discounted interest rate during an initial five-year period, calculate **Mortgage Insurance** premiums using a composite rate based on the rate in effect during the initial five-year period and, thereafter, the fully-indexed rate, unless otherwise required by applicable law. (Comment 37(c)(1)(i)(C)-2)

If **Mortgage Insurance** is **not** required, disclose "0." (Comments 37(c)(2)(ii)-1 and -2)

Disclose the **Mortgage Insurance** amount that corresponds with the **Principal & Interest** amount shown in the same column, even if **Mortgage Insurance** is paid on a different schedule than **Principal & Interest**. (Comment 37(c)(2)(ii)-2)

2.2.3.D Estimated Escrow

Disclose the amount the consumer will pay into an escrow account each month under the terms of the legal obligation. (§ 1026.37(c)(2)(iii)) Use a rounded number. (§ 1026.37(o)(4)(ii)) If an escrow account will **not** be established, disclose "0." Disclose "-" if there will be an escrow account, but the escrow account will be closed during the time-frame attributable to the applicable **Periodic Payment**. (Comment 37(c)(2)(iii)-1)

2.2.3.E Estimated Total Monthly Payment

For each column, disclose the sum of the **Principal & Interest**, **Mortgage Insurance**, and **Estimated Escrow** as **Estimated Total Monthly Payment**. (§ 1026.37(c)(2)(iv)) The amount is rounded if any of the component amounts are rounded. (§ 1026.37(o)(4)(i)(C))

2.2.3.F Estimated Taxes, Insurance & Assessments

As **Estimated Taxes, Insurance & Assessments**, disclose the total monthly amount due for **Property Taxes**, **Homeowner's Insurance**, charges imposed by a cooperative, condominium or homeowners association; ground rent; leasehold payments; and certain insurance premiums or charges if required by the lender. (§§ 1026.37(c)(4)(ii), 1026.43(b)(8)) Disclose **Estimated Taxes, Insurance & Assessments** as a rounded number. (§ 1026.37(o)(4)(i))

Homeowner's Insurance is any insurance against loss or damage, or against liability arising out of the property. (§§ 1026.4(b)(8), 1026.37(c)(4)(ii)) The insurance premiums included as **Estimated Taxes, Insurance & Assessments** are for credit life, accident, health, or loss-of-income insurance; insurance against

loss of or damage to property, or against liability arising out of the ownership or use of property; and debt cancellation or debt suspension coverage. (§§ 1026.4(b)(7), (8), (10), 1026.37(c)(4)(ii))

To calculate **Property Taxes, Homeowner’s Insurance**, and other insurance premiums, use the taxable assessed value of the real property securing the transaction after consummation, including the value of any improvements or construction, to the extent known, and the replacement costs of the property over the first year. (§ 1026.37(c)(5))

Include these amounts as **Estimated Taxes, Insurance & Assessments** even if an escrow account will **not** be established under the terms of the legal obligation.

By the use of checkboxes, disclose if **Property Taxes, Homeowner’s Insurance**, or **Other** required charges will be paid from an escrow account established under the terms of the legal obligation under the heading **“This estimate includes”**. When applicable, describe briefly the type of charge to the right of the word **“Other”**. If there is more than one **Other** charge, disclose one type and the phrase **and additional charges**. (Comment 37(c)(4)(iv)-1)

Under a heading of **In Escrow?**: disclose **Yes** when an escrow account will be established that will pay the item; or disclose **No** when an escrow account will not be established under the terms of the legal obligation for **Property Taxes, Homeowner’s Insurance**, and **Other**. If more than one item is disclosed as **Other**, disclose **Yes, Some** when one item is included and another is **not**. (Comment 37(c)(4)(iv)-2)

2.2.4 Costs at Closing

Costs at Closing	
Estimated Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs – in Lender Credits. See page 2 for details.
Estimated Cash to Close	Includes Closing Costs. See Calculating Cash to Close on page 2 for details.

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

FIGURE 5: COSTS AT CLOSING TABLE OF THE LOAN ESTIMATE

The **Costs at Closing** table shows:

Estimated Closing Costs are calculated in the same manner as the **Total Closing**

Costs disclosed on page 2 of the **Loan Estimate**. (See section 2.3.1 below) The **Total Closing Costs** are also itemized to show from page 2 of the Loan Estimate:

- The total of the **Loan Costs** table,
- The total of the **Other Costs** table, and
- **Lender Credits** in the **Total Closing Costs** subheading. (§ 1026.37(d)(1)(i))
- The estimated amount of cash the consumer will be expected to pay at closing is also shown as **Estimated Cash to Close**. This amount is the same as the **Estimated Cash to Close**, from the **Calculating Cash to Close** table on page 2 of the **Loan Estimate**. (§ 1026.37(d)(1)(ii))

Alternative Costs at Closing Table

Costs at Closing	
Estimated Closing Costs	Includes in Loan Costs + in Other Costs – in Lender Credits. <i>See page 2 for details.</i>
Estimated Cash to Close	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i> <input type="checkbox"/> From <input type="checkbox"/> To Borrower

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

FIGURE 6: ALTERNATIVE COSTS AT CLOSING TABLE OF THE LOAN ESTIMATE

For transactions without a seller, an **Alternative Costs at Closing** table shown as Figure 6 (together with an **Alternative Calculating Cash to Close** table on page 2 of the **Loan Estimate** shown later in Figure 20) can be used in place of the Costs at Closing table shown in Figure 5 above. (§ 1026.37(d)(2)) The **Alternative Costs at Closing** table contains a variation that places checkboxes with **Estimated Cash to Close** in order to indicate whether the cash is due from or to the consumer. (Comment 37(d)(2)-2) If the **Alternative Costs at Closing** table is used, then the **Alternative Calculating Cash to Close** on page 2 of the **Loan Estimate** also must be used. (Comment 37(d)(2)-1)

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

1. A good-faith itemization of the **Loan Costs** and **Other Costs** associated with the loan. (§ 1026.37(f) and (g))
2. A **Calculating Cash to Close** table that shows how the amount of cash needed at closing is calculated. (§ 1026.37(h))
3. For transactions with adjustable monthly payments, an **Adjustable Payments (AP) Table** with relevant information about how the monthly payments will change. (§ 1026.37(i))
4. For transactions with adjustable interest rates, an **Adjustable Interest Rate (AIR) Table** with relevant information about how the interest rate will change. (§ 1026.37(j))

The items associated with the mortgage are broken down into two general types, **Loan Costs** and **Other Costs**. Generally, **Loan Costs** are those costs paid by the consumer to the creditor and third-party providers of services the creditor requires to be obtained by the consumer during the origination of the loan. (§ 1026.37(f)) **Other Costs** include taxes, governmental recording fees, and certain other payments involved in the real estate closing process. (§ 1026.37(g))

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

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

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

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

Origination Charges

Loan Costs	
A. Origination Charges	
% of Loan Amount (Points)	

FIGURE 9: ORIGINATION CHARGES TABLE OF THE LOAN ESTIMATE

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

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

Any other items that the consumer will pay to the creditor and loan originator may also be disclosed, up to 13 individual items. (§ 1026.37(f)(1)(ii)) If there are more than 13 **Origination Charges**, disclose the total amount of the items that exceed 12 as **Additional Charges**. (§ 1026.37(f)(6)(i)) Describe the items, other than for points paid, using terminology that clearly and conspicuously describes the service that is disclosed. (Comment 37(f)(1)-3)

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

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

Only items paid directly by the consumer to compensate a loan originator are **Origination Charges**. Do **not** disclose compensation to a loan originator paid indirectly by a creditor through the interest rate on the **Loan Estimate**. (Comment 37(f)(1)-2)

Services You Cannot Shop For



FIGURE 10: SERVICES YOU CANNOT SHOP FOR TABLE OF THE LOAN ESTIMATE

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

Services You Cannot Shop For might include:

- Appraisal fee,
- Appraisal management company fee,
- Credit report fee,
- Flood determination fee,
- Government funding fee (such as a VA or USDA guarantee fee, or any other fee paid to a government entity as part of a governmental loan program),
- Homeowner’s association certification fee,
- Lender’s attorney fee,
- Tax status search fee,
- Third-party subordination fee,
- Title - closing protection letter fee,
- Title - lender’s title insurance policy, and
- An upfront mortgage insurance fee (unless the fee is a prepayment of future premiums or a payment into an escrow account). (Comment 37(f)(2)-2)

Describe services related to the issuance of title insurance policies with the word **Title** - at the beginning of the item. (Comment 37(f)(2)-3)

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

- Examination and evaluation of title evidence to determine the insurability of the title being examined and what items to include or exclude in any title commitment and policy to be issued,
- Preparation and issuance of the title commitment or other document that discloses the status of title, identifies the conditions that must be met before the policy will be issued, and obligates the insurer to issue a policy of title insurance if such conditions are met,
- Resolution of title underwriting issues and taking steps needed to satisfy any conditions for the issuance of title insurance policies,
- Preparation and issuance of the title insurance policies, and
- Payment of premiums for any lender’s title insurance coverage.
(Comment 37(f)(2)-3)

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

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

Services You Can Shop For



FIGURE 11: SERVICES YOU CAN SHOP FOR TABLE OF THE LOAN ESTIMATE

Services You Can Shop For are provided by persons other than the creditor or mortgage broker and are services that the consumer can shop for and will pay for at settlement. (§ 1026.37(f)(3)) Items listed as **Services You Can Shop For** must use terminology that describes each item and disclose them in alphabetical order. (§ 1026.37(f)(5))

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

Services You Can Shop For might include:

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

Describe services related to the issuance of title insurance policies with the word **Title** - at the beginning of the item. (Comment 37(f)(2)-3)

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

- Examination and evaluation of title evidence to determine the insurability of the title being examined and what items to include or exclude in any title commitment and policy to be issued,
- Preparation and issuance of the title commitment or other document that discloses the status of title, identifies the conditions that must be met before the policy will be issued, and obligates the insurer to issue a policy of title insurance if such conditions are met,
- Resolution of title underwriting issues and taking steps needed to satisfy any conditions for the issuance of title insurance policies,
- Preparation and issuance of the title insurance policies, and
- Payment of premiums for any lender's title insurance coverage. (Comment 37(f)(3)-3)

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

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

Total Loan Costs

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

FIGURE 12: TOTAL LOAN COSTS TABLE OF THE LOAN ESTIMATE

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

2.3.2 Other Costs

Other Costs		
E. Taxes and Other Government Fees		
Recording Fees and Other Taxes		
Transfer Taxes		
F. Prepays		
Homeowner's Insurance Premium (months)		
Mortgage Insurance Premium (months)		
Prepaid Interest (per day for days @)		
Property Taxes (months)		
G. Initial Escrow Payment at Closing		
Homeowner's Insurance	per month for	mo.
Mortgage Insurance	per month for	mo.
Property Taxes	per month for	mo.
H. Other		
I. TOTAL OTHER COSTS (E + F + G + H)		
J. TOTAL CLOSING COSTS		
D + I		
Lender Credits		

FIGURE 13: OTHER COSTS TABLE OF THE LOAN ESTIMATE

Disclose **Other Costs** under four subheadings, each of which is subtotaled:

- **Taxes and Other Government Fees,**

- **Prepays,**
- **Initial Escrow Payment at Closing,** and
- **Other.**

Total Other Costs is the sum of these four subtotals. (§ 1026.37(g)(5))

Other Costs are established by government action, determined by standard calculations applied to ongoing fixed costs, or based on an obligation incurred by the consumer independently of any requirement imposed by the creditor. (Comment 37(g)-1) Other items that are required to be paid at or before closing pursuant to the contract for sale between the consumer and a seller are disclosed on the **Loan Estimate** to the extent the creditor has knowledge of those items when it issues the **Loan Estimate**. (Comment 37(g)-2)

Other Costs must be disclosed in the order listed in the regulation, with any additional items listed in alphabetical order in subsequent lines of the applicable subheading. (§ 1026.37(g)(7))

An addendum to the **Loan Estimate** cannot be used for additional items on the **Other Costs** table. If all of the charges **cannot** be itemized in the number of lines provided in a subheading of the **Other Costs** table, the total of those items that exceed the number permitted are disclosed with the label “Additional Charges” on the last line of that subheading. (§ 1026.37(g)(8))

Taxes and Other Government Fees

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

FIGURE 14: TAXES AND OTHER GOVERNMENT FEES TABLE OF THE LOAN ESTIMATE

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

Recording Fees and Other Taxes are fees assessed by a government authority to record and index the loan and title documents as required under State or local law, together with any charges or fees imposed by a State or local government that are **not Transfer Taxes**. (Comment 37(g)(1)-1 and -2) **Recording Fees and Other Taxes** do **not** include fees that are based on the **Sale Price of the Property** or **Loan Amount**. For example, a fee for recording a subordination that is \$20, plus \$3 for each page

over three pages, is included as **Recording Fees and Other Taxes**; but a fee of \$1,250 based on 0.5% of the **Loan Amount** is included as **Transfer Taxes**, and **not** included as **Recording Fees and Other Taxes**. (Comment 37(g)(1)-1)

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

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

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

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

The amount of **Transfer Taxes** disclosed could be modified to the extent the creditor has knowledge of the apportionment of transfer taxes in the contract for sale between the consumer and a seller when it issues the **Loan Estimate**. (Comment 37(g)-2) When a creditor does **not** have the contract of sale when it issues the **Loan Estimate**, the creditor must use the apportionment of transfer taxes provided for by State or local law, or common practice when State or local law is unclear. (Comment 37(g)(1)-4)

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

Prepays

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

FIGURE 15: PREPAIDS TABLE OF THE LOAN ESTIMATE

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

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

Initial Escrow Payment at Closing

G. Initial Escrow Payment at Closing			
Homeowner's Insurance	per month for		mo.
Mortgage Insurance	per month for		mo.
Property Taxes	per month for		mo.

FIGURE 16: INITIAL ESCROW PAYMENT AT CLOSING TABLE OF THE LOAN ESTIMATE

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

- Homeowner's Insurance,
- Mortgage Insurance,
- Property Taxes, and

- A maximum of five other items.

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

Other



FIGURE 17: OTHER TABLE OF THE LOAN ESTIMATE

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

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

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

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

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

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

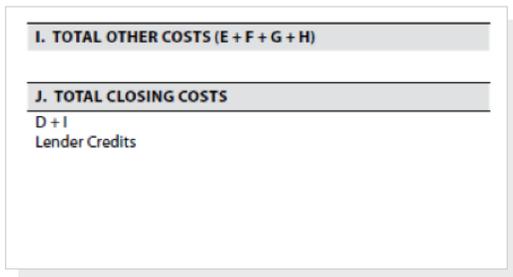
Describe services related to the issuance of title insurance policies with the word **Title** - at the beginning of the item. When the owner's title insurance premium

includes a simultaneous issuance premium, the premium is calculated by taking the full owner's title insurance premium, adding the simultaneous issuance premium for the lender's coverage (if any), and then deducting the full premium for lender's coverage. (Comment 37(g)(4)-2)

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

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

Total Closing Costs



I. TOTAL OTHER COSTS (E + F + G + H)
J. TOTAL CLOSING COSTS
D + I
Lender Credits

FIGURE 18: TOTAL CLOSING COSTS TABLE OF THE LOAN ESTIMATE

Total Closing Costs is the sum of **Total Loan Costs** (shown in Figure 8), **Total Other Costs**, and **Lender Credits**. (§ 1026.37(g)(6))

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

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

2.3.3 Calculating Cash to Close

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

FIGURE 19: CALCULATING CASH TO CLOSE TABLE OF THE LOAN ESTIMATE

Total Closing Costs

Total Closing Costs is the same amount disclosed as **Total Closing Costs** in the **Other Costs** table (see section 2.3.2 above). The amount is disclosed as a positive number. (§ 1026.37(h)(1)(i))

Closing Costs Financed (Paid from Your Loan Amount)

Closing Costs Financed (Paid from Your Loan Amount) is calculated by subtracting the estimated total amount of payments to third parties not otherwise disclosed in the **Loan Costs** (see section 2.3.1 above) and **Other Costs** (see section 2.3.2 above) tables from the **Loan Amount** disclosed on page 1 of the **Loan Estimate** (see section 2.2.2 above).

- If the result of the calculation is a positive number, **Closing Costs Financed (Paid from Your Loan Amount)** is that amount, disclosed as a negative number, but only to the extent that it does **not** exceed the amount of **Total Closing Costs**.
- If the result of the calculation is zero or negative, then **Closing Costs Financed (paid from Your Loan Amount)** is \$0. (Comment 37(h)(1)(ii)-1)

Down Payment/Funds from Borrower

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

- In all other transactions, subtract the principal amount of credit extended (excluding any amount disclosed as **Closing Costs Financed (Paid from Your Loan Amount)**) from the total amount of all existing debt being satisfied in the transaction.
 - When this calculation yields an amount that is positive, **Down Payment/Funds from Borrower** is that amount.
 - If the calculation yields a result that is negative or \$0, **Down Payment/Funds from Borrower** is \$0. (§ 1026.37(h)(1) (iii)(B))

Deposit

- In a **Purchase** transaction, **Deposit** is the amount, disclosed as a negative number, that is paid to the seller or held in trust or escrow by an attorney or other party under the terms of the contract for sale of the property. (§ 1026.37(h)(1)(iv)(A))
- In all other transactions, **Deposit** is \$0. (§ 1026.37(h)(1)(iv)(B))

Funds for Borrower

- In a **Purchase** transaction, **Funds for Borrower** is \$0. (Comment 37(h)(1)(v)-1)
- In all other transactions, subtract the principal amount of debt extended (excluding any amount disclosed as **Closing Costs Financed (Paid from Your Loan Amount)**) from the total amount of all existing debt being satisfied in the transaction.
 - When this calculation yields an amount that is negative, then **Funds for Borrower** is that amount.
 - If the calculation yields an amount that is positive or \$0, then **Funds for Borrower** is \$0. (§ 1026.37(h)(1)(v))

Seller Credits

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

Adjustments and Other Credits

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

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

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

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

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

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

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

Estimated Cash to Close

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

2.3.4 Alternative Calculating Cash to Close table for transactions without a seller

Calculating Cash to Close	
Loan Amount	_____
Total Closing Costs (J)	_____
Estimated Total Payoffs and Payments	_____
Estimated Cash to Close <input type="checkbox"/> From <input type="checkbox"/> To Borrower	_____
Estimated Closing Costs Financed (Paid from your Loan Amount)	_____

FIGURE 20: ALTERNATIVE CALCULATING CASH TO CLOSE TABLE OF THE LOAN ESTIMATE

An optional **Alternative Calculating Cash to Close** table can be disclosed for transactions without a seller. This Alternative Calculating Cash to Close table would be used in place of the table in Figure 19. (§ 1026.37(h)(2)) A creditor that uses the optional **Alternative Calculating Cash to Close** table must also use the alternative disclosure provisions of the **Alternative Costs at Closing** table on **Loan Estimate** page 1. (see section 2.2.4 above; Comment 37(h)(2)-1)

Loan Amount

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

Total Closing Costs

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

Estimated Payoffs and Payments

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

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

- Payoffs of existing liens secured by the property such as mortgages, deeds of

trust, judgments that have attached to the property,

- Mechanics' and materialmans' liens,
- Local, State, and Federal tax liens,
- Payments of unsecured outstanding debts of the consumer, and
- Payments to other third parties for outstanding debts of the consumer as required to be paid as a condition for the extension of credit.
(Comment 37(h)(2)(iii)-1)

Estimated Cash to Close

The amount for the **Estimated Cash to Close** is the sum total of the amounts disclosed as **Loan Amount**, **Total Closing Costs**, and **Payoffs and Payments**. (§ 1026.37(h)(2)(iv)) Check boxes are used to disclose whether the **Estimated Cash to Close** is either due from the consumer or will be paid to the consumer at consummation. (Comment 37(h)(2)(iv)-1)

Estimated Closing Costs Financed

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

For example:

- If the **Loan Amount** is \$100,000, the **Payoffs and Payments** is -\$80,000, and the **Total Closing Costs** is \$10,000; then the **Closing Costs Financed** would be \$10,000.
- If the **Loan Amount** is \$100,000, the **Payoff and Payments** is -\$95,000, and the **Total Closing Costs** is \$10,000; then the **Closing Costs Financed** would be \$5,000.
- If the **Loan Amount** is \$100,000, the **Payoffs and Payments** is -\$110,000 and the **Total Closing Costs** is \$10,000; then the **Closing Costs Financed** would be \$0.

2.3.5 Adjustable Payment (AP) Table

Adjustable Payment (AP) Table	
Interest Only Payments?	
Optional Payments?	
Step Payments?	
Seasonal Payments?	
Monthly Principal and Interest Payments	
First Change/Amount	
Subsequent Changes	
Maximum Payment	

FIGURE 21: ADJUSTABLE PAYMENT (AP) TABLE OF THE LOAN ESTIMATE

The **Adjustable Payment (AP) Table** is disclosed when the periodic principal and interest payment may change after consummation, but **not** because of a change to the interest rate, or the loan is considered to be a **Seasonal Payment** product. (§ 1026.37(i)) If the loan does **not** contain these features, the **AP Table** is **not** disclosed. (Comment 37(i)-1)

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

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

- The frequency of **Subsequent Changes** to the periodic payment (§ 1026.37(i)(5)(ii)); and
- The **Maximum Payment** that may be paid during the term of the loan with the number of the first periodic principal and interest payment that can reach such **Maximum Payment** amount. (§ 1026.37(i)(5)(iii))

First Change/Amount

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

Monthly Principal and Interest Payments

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

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

2.3.6 Adjustable Interest Rate (AIR) Table

Adjustable Interest Rate (AIR) Table	
Index + Margin	
Initial Interest Rate	
Minimum/Maximum Interest Rate	
Change Frequency	
First Change	
Subsequent Changes	
Limits on Interest Rate Changes	
First Change	
Subsequent Changes	

FIGURE 22: ADJUSTABLE INTEREST RATE (AIR) TABLE OF THE LOAN ESTIMATE

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

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

- As **Index + Margin**, the index upon which adjustments to the interest rate will be based and the margin that is added to the index to determine the interest rate (§ 1026.37(j)(1));
- For **Step Rate** products, the maximum amount of any adjustments to the interest rate that are scheduled and pre-determined (§ 1026.37(j)(2));
- The **Initial Interest Rate** at consummation (§ 1026.37(j)(3));
- The **Minimum/Maximum Interest Rate** for the loan, after any introductory period expires (§ 1026.37(j)(4));
- As **Change Frequency** (§ 1026.37(j)(5)):
 - For **First Change**, list the month when the first interest rate change may occur after consummation (§ 1026.37(j)(5)(i)); and
 - As **Subsequent Changes**, the frequency of interest rate adjustments after the initial adjustment (§ 1026.37(j)(5)(ii)); and
- As **Limits on Interest Rate Changes** (§ 1026.37(j)(6)):
 - As **First Change**, the maximum possible change for the first adjustment of the interest rate after consummation (§ 1026.37(j)(6)(i)); and
 - As **Subsequent Changes**, the maximum possible change for subsequent adjustments of the interest rate. (§ 1026.37(j)(6)(ii))

Index and Margin

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

Maximum/Minimum Interest Rate

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

The minimum interest rate that applies to the loan under applicable law must be disclosed if the loan does **not** provide for a minimum interest rate. However, if

applicable law does **not** set a minimum interest rate, disclose the amount of the margin as the minimum interest rate. (Comment 37(j)(4)-1)

Change Frequency

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

Limits on Interest Rate Changes

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

2.4 Loan Estimate (page 3)

Additional Information About This Loan

LENDER
NMLS/___ LICENSE ID
LOAN OFFICER
NMLS/___ LICENSE ID
EMAIL
PHONE

MORTGAGE BROKER
NMLS/___ LICENSE ID
LOAN OFFICER
NMLS/___ LICENSE ID
EMAIL
PHONE

Comparisons Use these measures to compare this loan with other loans.

In 5 Years	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

Appraisal We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

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

Homeowner's Insurance This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.

Late Payment If your payment is more than ___ days late, we will charge a late fee of _____

Refinance Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Servicing We intend
 to service your loan. If so, you will make your payments to us.
 to transfer servicing of your loan.

Confirm Receipt

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

Applicant Signature _____ Date _____

Co-Applicant Signature _____ Date _____

LOAN ESTIMATE

PAGE 3 OF 3 - LOAN ID #

section 2.4.1

section 2.4.2

section 2.4.3

section 2.4.4

FIGURE 23: LOAN ESTIMATE (PAGE 3)

Contact information, a **Comparisons** table, an **Other Considerations** table, and, if desired, a place for the consumer to sign to acknowledge receipt of the **Loan Estimate** are disclosed on page 3 of the **Loan Estimate**.

2.4.1 Contact Information

LENDER	MORTGAGE BROKER
NMLS/___ LICENSE ID	NMLS/___ LICENSE ID
LOAN OFFICER	LOAN OFFICER
NMLS/___ LICENSE ID	NMLS/___ LICENSE ID
EMAIL	EMAIL
PHONE	PHONE

FIGURE 24: CONTACT INFORMATION TABLE OF THE LOAN ESTIMATE

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

2.4.2 Comparisons

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

FIGURE 25: COMPARISONS TABLE OF THE LOAN ESTIMATE

The **Comparisons** table discloses information related to the costs of the loan **In Five Years**, the **Annual Percentage Rate (APR)**, and the **Total Interest Percentage (TIP)**.

In 5 Years

In 5 Years includes the following information:

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

Annual Percentage Rate (APR)

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

Total Interest Percentage (TIP)

The **TIP** is the total amount of interest that the consumer will pay over the loan term, expressed as a percentage of the loan amount. (§ 1026.37(l)(3))

For example, if the **Loan Amount** is \$100,000 and the total amount of interest that the consumer will pay over the **Loan Term** is \$50,000, then the **TIP** is 50%.

2.4.3 Other Considerations

Other Considerations	
Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than ___ days late, we will charge a late fee of _____
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input type="checkbox"/> to transfer servicing of your loan.

FIGURE 26: OTHER CONSIDERATIONS TABLE

Other Considerations includes the following information:

- Appraisal;
- As Assumption, whether the subsequent purchaser of the property can assume the loan on its original terms;
- At the option of the creditor, a statement that Homeowner's Insurance is required and that the consumer may choose the provider;
- A statement detailing any amount that may be imposed for a Late Payment;
- A statement about the nature of a Refinance of the loan in the future;
- A statement whether the creditor intends to service the loan or transfer it to another servicer; and
- For **Refinance** transactions, a statement relating to State law protections against **Liability After Foreclosure**. (§ 1026.37(m))
- At the option of the creditor, for transactions involving new construction, where the creditor reasonably expects that settlement will occur 60 days or more after the provision of the loan estimate, a clear and conspicuous statement that the creditor may issue a revised disclosure any time prior to 60 days before consummation.

Appraisal

A statement concerning the **Appraisal** must be provided for:

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

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

A Higher-priced Mortgage Loan is defined at 12 CFR 1026.35.

Coverage of the Equal Credit Opportunity Act is discussed in Regulation B, 12 CFR Part 1002, Supplement I - Official Interpretations, Comment 1(a)-1.

Late Payment

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

- The right of acceleration;

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

2.4.4 Confirm Receipt

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

FIGURE 27: CONFIRM RECEIPT TABLE OF THE LOAN ESTIMATE

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

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