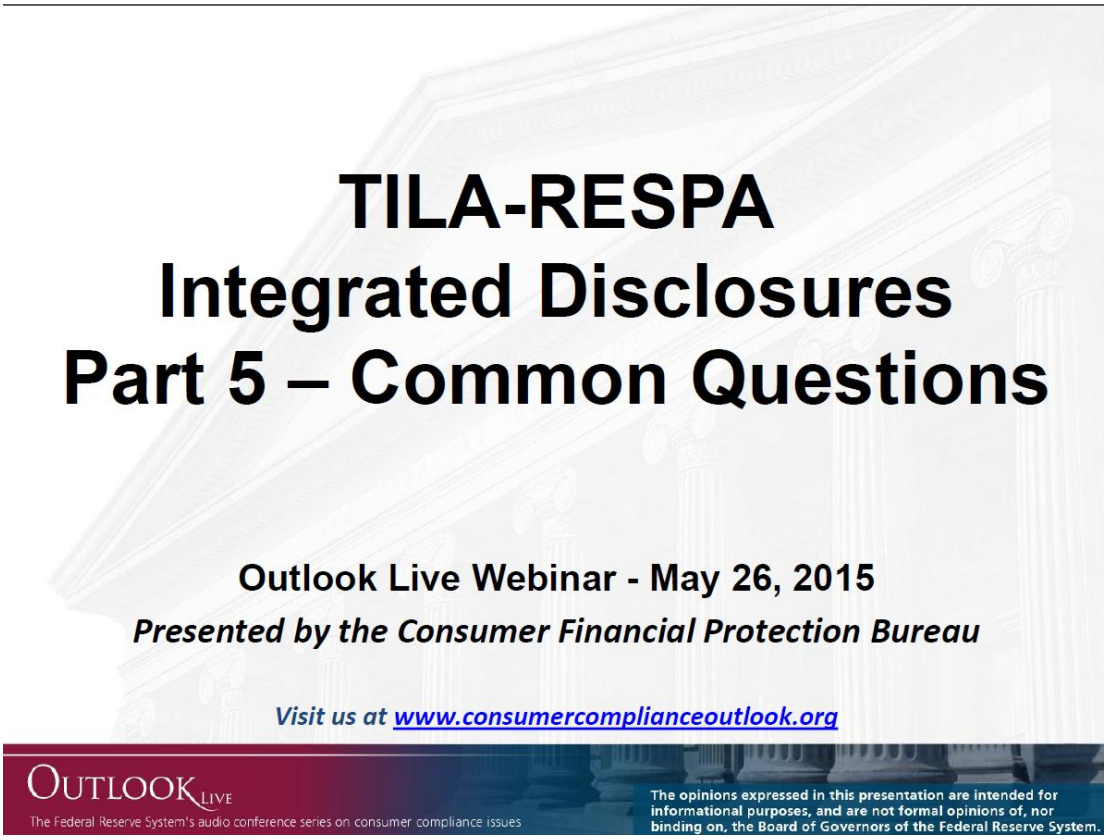
TILA-RESPA Integrated Disclosures

Part 5 – Common Questions

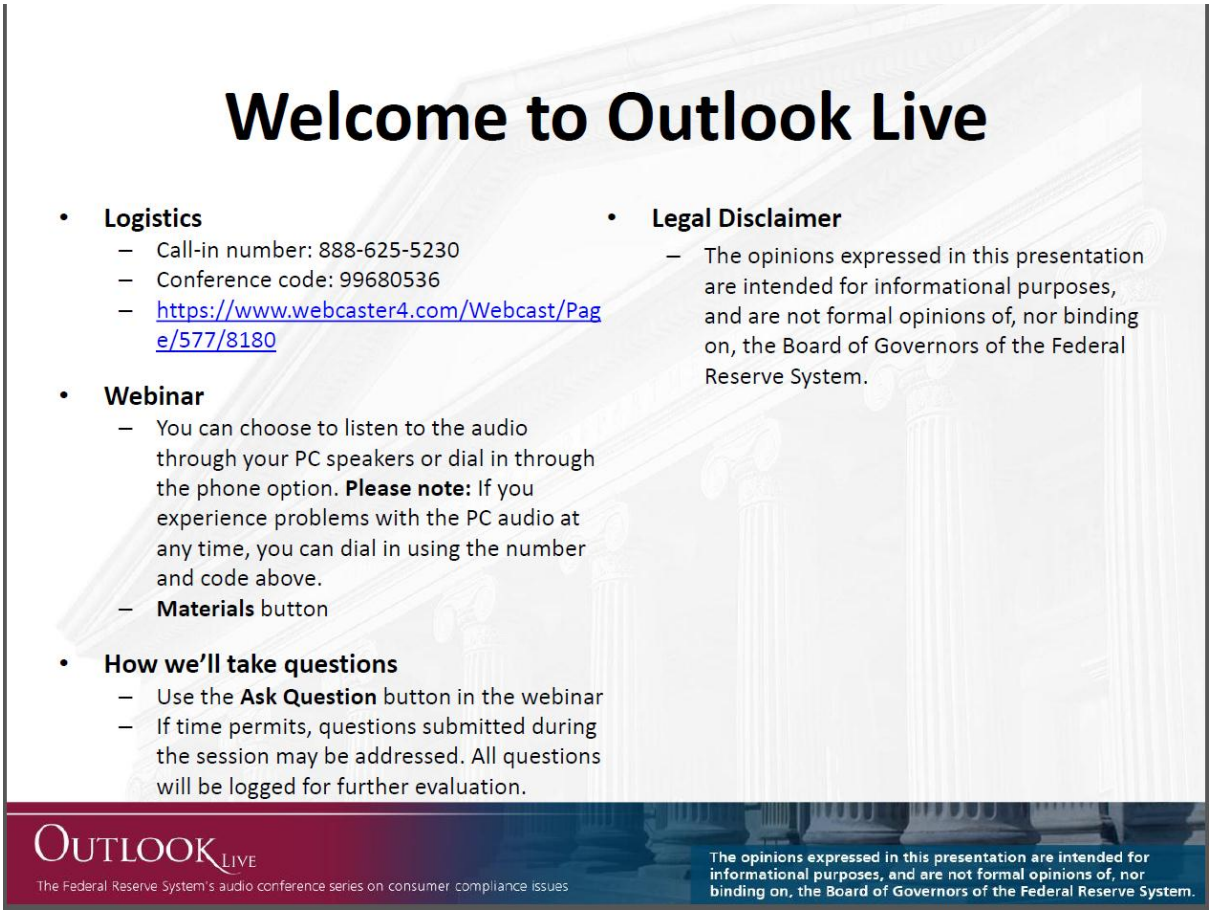
Presented by the Consumer Financial Protection Bureau

Transcript prepared by BuckleySandler LLP[1]



[1] The audio recording and original slides are available at: https://consumercomplianceoutlook.org/outlook-live/. The transcript was prepared from the audio recording provided by the Federal Reserve Bank and may have minor inaccuracies due to sound quality. In addition, the transcript has not been reviewed by the CFPB or the Federal Reserve for accuracy or completeness. This transcript inserts an image of the slide that corresponds to the discussion, but all insertions are approximate. This transcript also revises citations for clarity and for consistency with the Code of Federal Regulations where necessary (e.g. "Section 1026.19(f)(4)(i)" instead of "1026.19(f)(4)(1)").

MIKE FANDERBELL: Good afternoon and welcome to Outlook Live. I'm Mike Fanderbell with the Federal Reserve System and I'll be your facilitator. Today's topic is titled TILA-RESPA Integrated Disclosures Part 5 Implementation Challenges and Questions and we have some great folks from the CFPB presenting for us today. You will hear from them in just a moment. But first, let me guide you through the logistics of today's session as seen on slide number 2 so let's jump over there.



If you haven't done so yet, go ahead and click on the webinar link that you received after registering, or you can head on over to our web site and that address is www.consumercomplianceoutlook.org. There you can find the session materials and eventually the archive of this call as well.

Just a quick note on the webinar: We do encourage you to listen to the audio through your PC, but there is a phone line option you can access at any time. However, for this call, we've capped those lines at a thousand and we will adjust as necessary for the next session. So, if you're trying to dial and you can't, I do apologize but that's the cap for this particular session and you'll just have to listen through your PC.

As to questions, our presenters have received quite a few in advance and they will be asking those first. But please do submit your questions by clicking on that "ask question" button at the bottom left corner of the screen. All of those questions will be made available to the CFPB later on. All right. With that said, I'm going to pass the mic over to Laurie Lavaroni, the host of our call from the San Francisco staff. Laurie, take it away.

LAURIE LAVARONI: Thank you, Mike. Good morning, everyone. My name is Laurie Lavaroni and I'd like to welcome you to Outlook Live, the Federal Reserve System's audio conference series on consumer compliance topics. It is my pleasure to be opening today's webinar, TILA-RESPA Integrated Disclosures Common Questions. This is the fifth part in a series of presentations by the CFPB on the integrated mortgage disclosures rule. Previous sessions are archived on our Outlook Live web site and are available for playback at your leisure.

The Federal Reserve System also publishes a quarterly newsletter entitled Consumer Compliance Outlook. Both the Outlook Live webinars and Outlook newsletters are part of the Federal Reserve System's outreach activities. They are free of charge and they can be accessed at www.consumercomplianceoutlook.org. With that, I'll hand things over to Brian Webster at the CFPB. Brian, the floor is yours.

BRIAN WEBSTER: Thank you, Laurie. Good afternoon and welcome everyone to the fifth webinar on the TILA-RESPA Integrated Disclosures. Thanks to everyone for tuning in and it is our pleasure to spend time with you today with what we believe to be recurring common and important questions about the new disclosure rules.

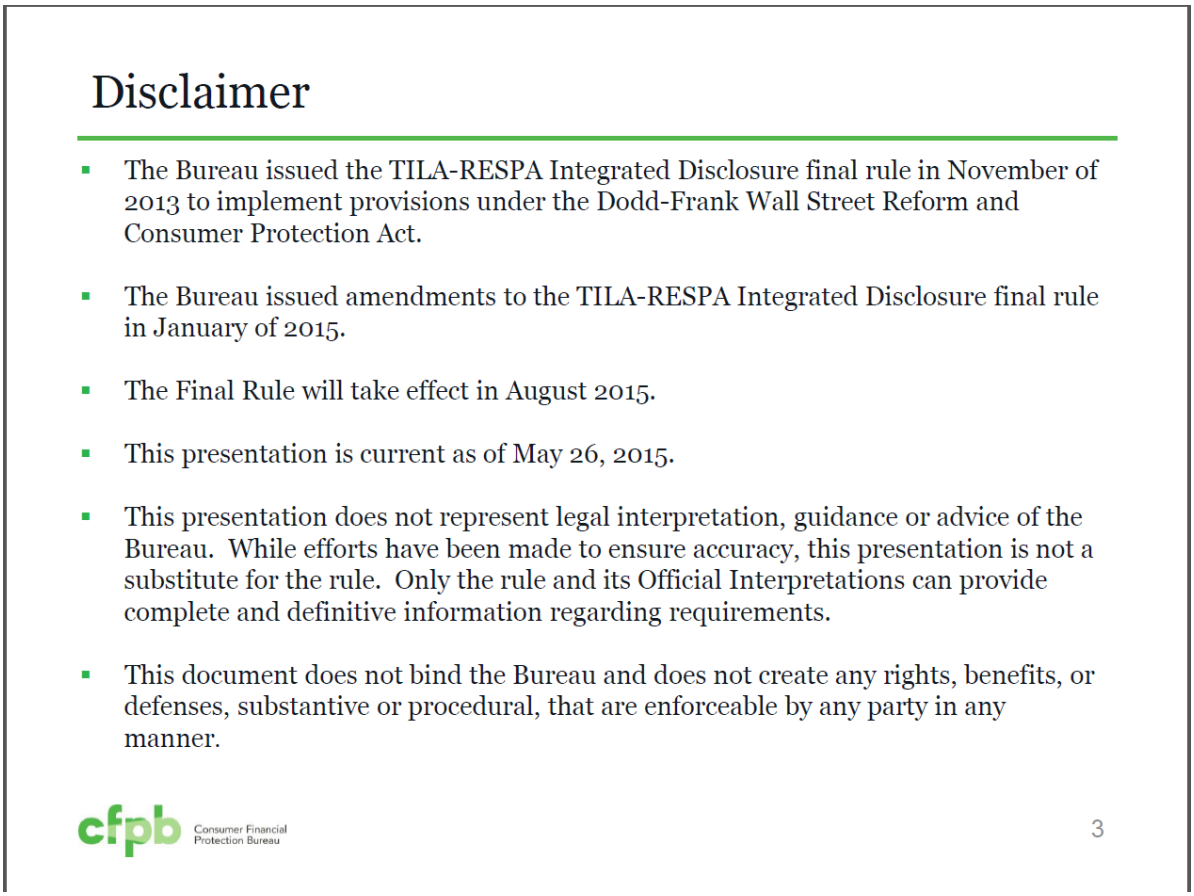
As Laurie mentioned, my name is Brian Webster with the CFPB Office of Mortgage Markets and the Regulatory Implementation Team. With me today are my colleagues, Julie Vore from Mortgage Markets, Dania Ayoubi, Pedro De Oliveira, both of whom are from the Office of Regulations, and last but not least, David Friend, also from the Office of Regulations, co-lead on the Regulatory Implementation Team and the lead counsel on the TILA-RESPA Integrated Mortgage rule, all of whom are working with me on implementation and support of the Integrated Disclosures final rule.

Many of you have tuned in for one or more of our previous four sessions and hopefully have been able to view them all. Today we hope to spend most of the session addressing common questions about the new regulatory requirements that have been presented to the Bureau and that we believe are important and appropriate to also address in this setting.

Today we are only going to [unintelligible] questions that we have already provided some form of guidance. The general format will be as follows: We will provide some information on some of the supporting materials and guidance that we have accomplished to date and then we will present the specific questions we intend to address on this webinar in which one of the members from the Office of Regulations will provide our responses.

The response will be laid out in a manner that we hope accomplishes two things. First, since these are frequently asked or common questions, we want to provide our answers to let you know what our position is on a certain issue. But on top of that, we want to provide a supporting basis for our interpretation that will point to appropriate regulatory cites, official interpretations or commentary as well as preamble language, educate our audience about the rule and provide you with some insight as to the reasons for our interpretations and the outcomes we are giving to you.

As we have noted, these sessions will be recorded and we will also link them on our web site so they may be used as resources as our audience continues to implement the new rules. Laurie has some basic housekeeping items and then we will jump into the common questions.



If you have viewed any of our previous webinars or attended any of our live questions in person, then you have seen this slide before. This is something that goes on any time we do presentations about the rules.It is our disclaimer and it is required by our General Counsel's office. I always make sure that I cover this because I really like my job and I would like to keep it.

But seriously, it's just to remind you that this acts as a reminder that the rules do speak for themselves. We have, of course, made every effort to ensure that our responses are accurate and the point of our providing responses to questions in a forum like this is to create a resource that may be used to help you understand the rules. With that, anything we say that is inconsistent with the regulatory commentary, the reg text and commentary does prevail. We do not have the authority to amend regulatory text outside of notice and comment especially via webinar. Now let's move on to slide 4.

This is an overview of the resources that we have made available for industry through our regulatory implementation efforts. At the top of the slide, we have provided a link to our web site dedicated to the TILA-RESPA rule. As you see with the list on the slide, we have developed several different artifacts to provide information for supporting industry implementation of the new rules.

From the two guides and Disclosure Timeline to the Readiness Guide, these resources are extremely valuable and I encourage you or someone from your organization to be intimately familiar with this site.

There is also the ability to sign up for email distribution list as well. All of the information and/or announcements like the ones for this webinar are distributed through this e-mail list. We are currently around 40,000 subscribers. My personal goal is for 50,000. So, go out and tell all of your friends.

The last link on the page is for our eRegulations Tool. This is an electronic version of two of our regulations, Reg E and Reg Z. It does have the updates for Reg Z that will go into effect on August 1, 2015. The major benefit of the tool is that it provides an integrated version of the regulatory text and supplemental information for commentary together in a single location.

It also contains hyperlinks to other areas of the regulation that are referenced in various sections. This proves to be especially useful for a rule like the Integrated Disclosure Rule which is heavy on cross-sectional references and references to other sites and definitions that are defined elsewhere within the regulation.

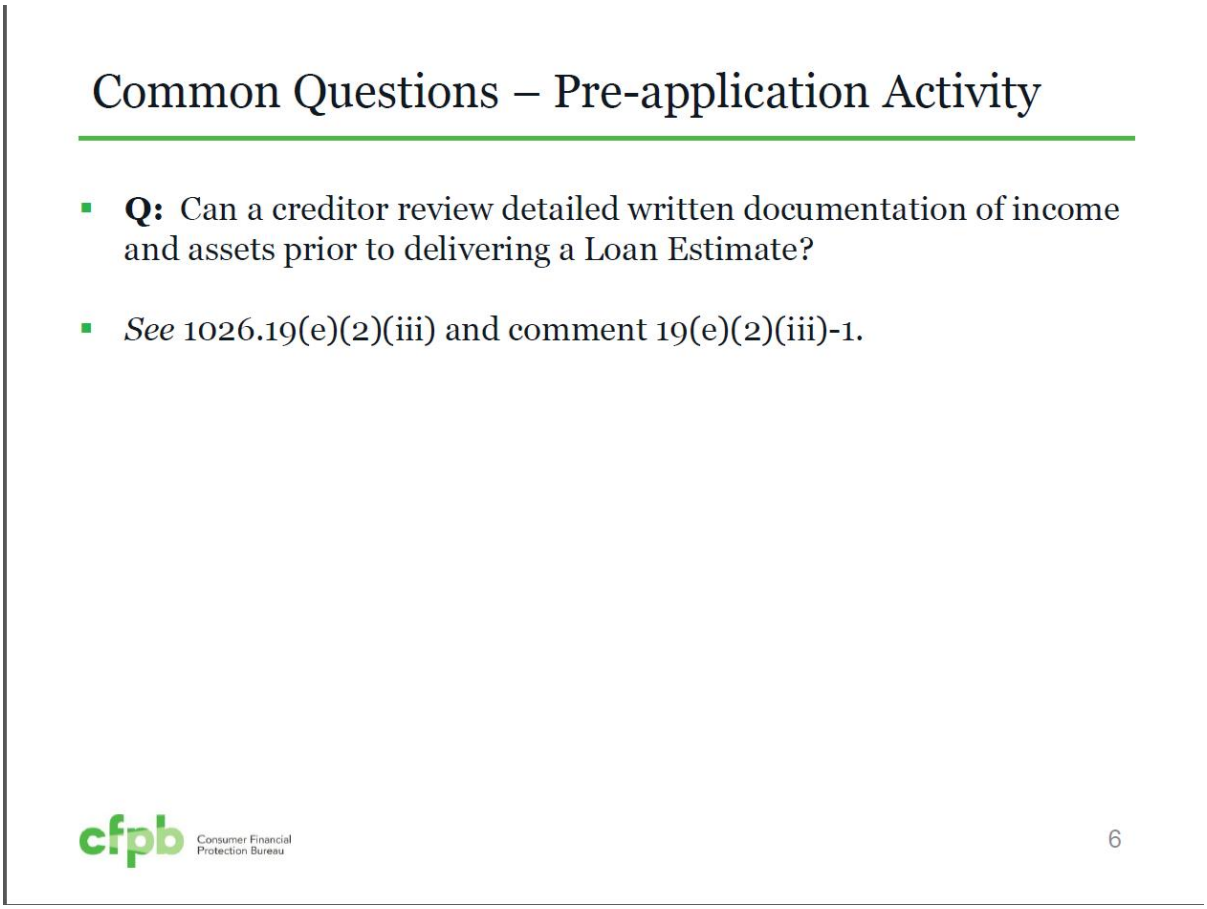
Now, let's move on to slide 5, please.

On this next slide, we have listed the previous webinars that have been completed through the Outlook Live platform along with other publications located on our site.

Also, the new Home Loan Toolkit will be covered by my colleague, Julie, later during this webinar. And finally before we jump into the questions, the Bureau did publish a final amendment to the TILA-RESPA rule this past January to make a few changes. In addition to minor technical changes, there were two substantive updates to the rule.

The first one updated the timing of issuing a revised Loan Estimate once the consumer locked in the interest rate and the next one provided guidance on where to insert language for construction loans on the Loan Estimate.

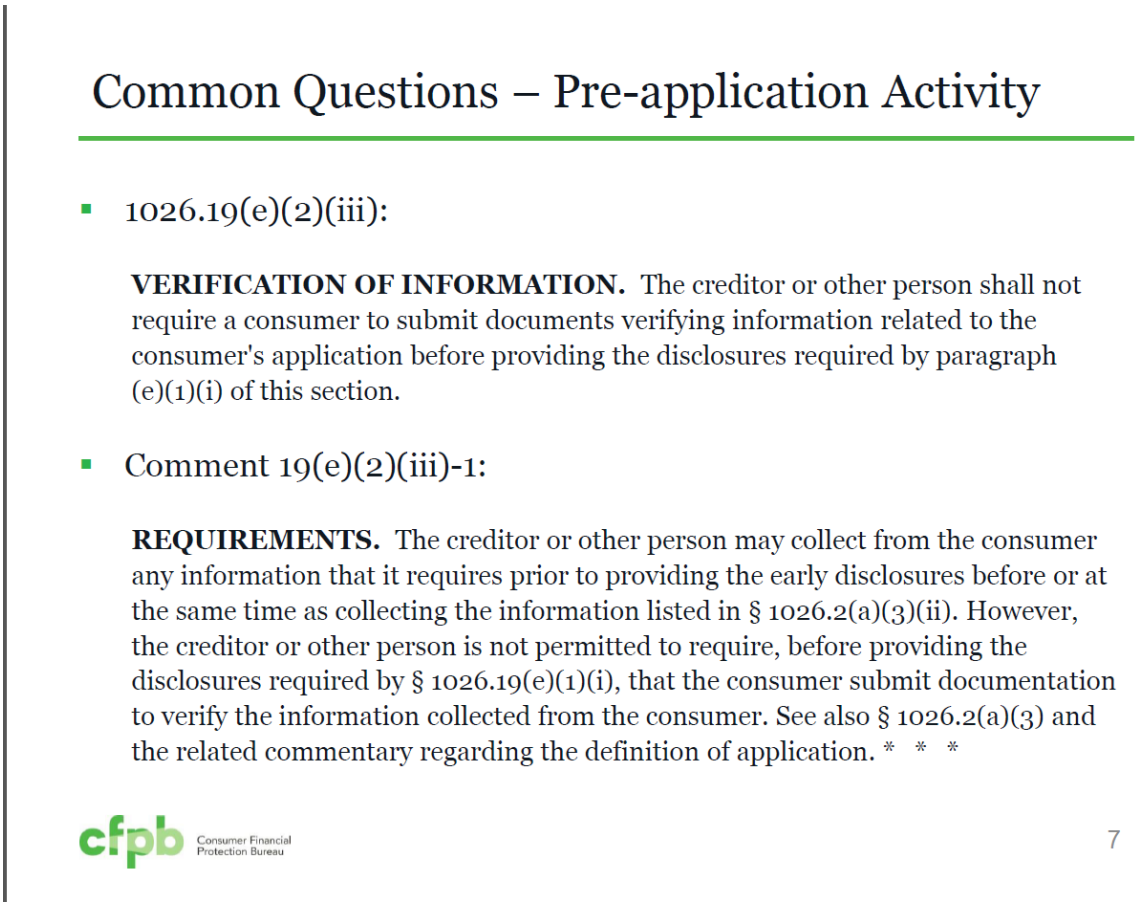
Now we can jump into the questions, which is what I'm sure everyone has been waiting for. We will now turn it over to my colleague, Julie Vore.



JULIE VORE: Thanks, Brian. Moving forward to slide 6 in common questions we are receiving, the first question relates to pre-application activity.

Pedro, can a creditor review detailed written documentation of income and assets prior to delivering a Loan Estimate?

PEDRO DE OLIVEIRA: Yes, Julie. According to the preamble to the final rule, a creditor can review documentation voluntarily provided by the consumer. See Volume 78 of the Federal Register at page 79816. Let's move to slide number 7.



Section 1026.19(e)(2)(iii) prohibits requiring a consumer to submit documents verifying information related to the consumer's application before providing the Loan Estimate.

As comment 1 to Section 1026.19(e)(2)(iii) explains, the creditor or other person may collect from the consumer additional information prior to providing a Loan Estimate before or at the same time as collecting the six elements of an application.

For example, a mortgage broker may ask for the names, account numbers and balances of the consumer's checking and savings accounts. However, the creditor or other person is not permitted to require before providing the Loan Estimate that the consumer submit documentation to verify that information.

For example, the mortgage broker may not require the consumer to provide bank statements before providing the Loan Estimate. The creditor cannot explicitly or implicitly represent to the consumer that it will not provide a Loan Estimate without the consumer first providing verifying documentation.

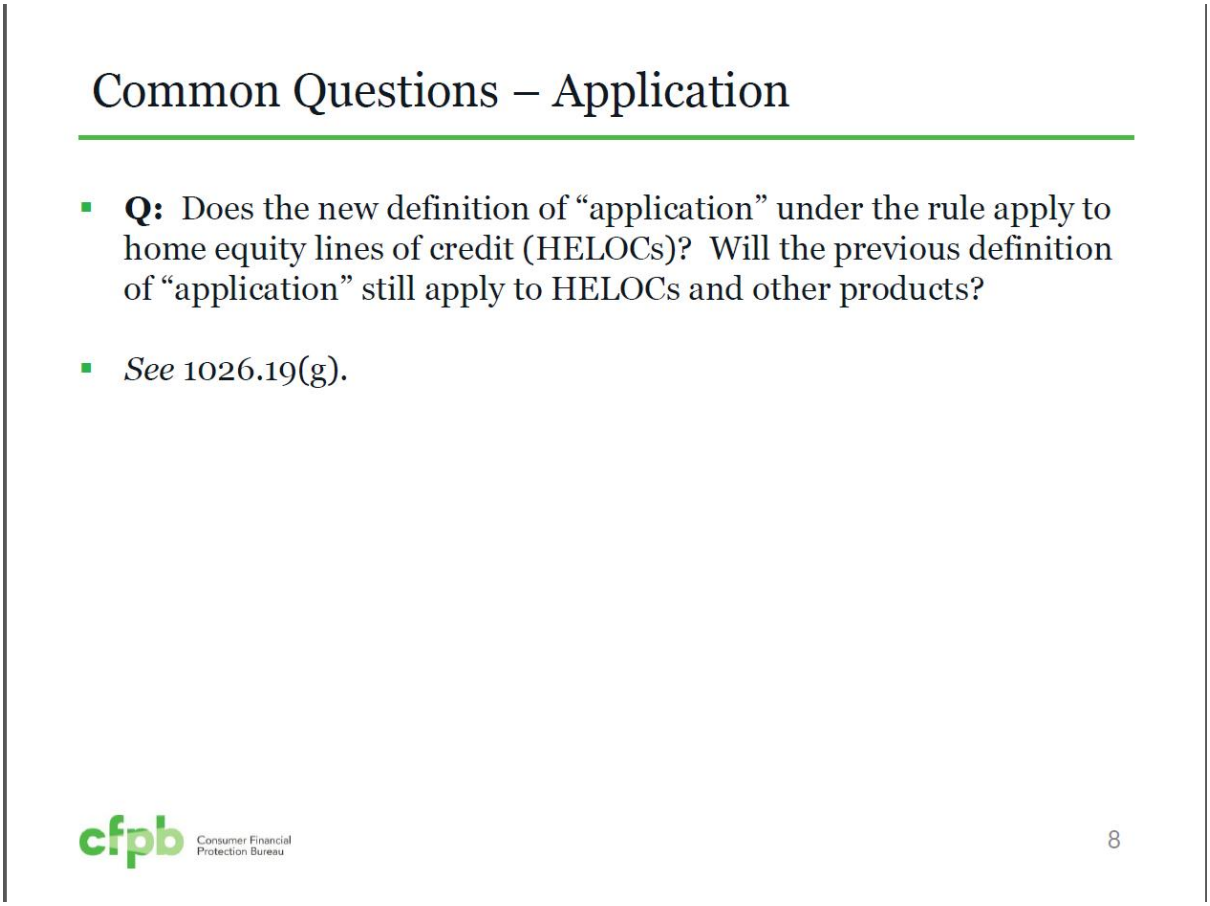
As long as there is no such restriction, if the consumer voluntarily provides documentation and requests a creditor to review and consider that documentation to provide a pre-qualification or pre-approval, the rule does not prohibit the creditor from accepting and reviewing that documentation.

Under those circumstances, the creditor's obligation to provide a Loan Estimate is not triggered until it receives from the consumer the six specific elements of an application, as defined in Section 1026.2(a)(3).

So, if a consumer requests a pre-approval or pre-qualification and provides five of the six elements of the application, the creditor is not yet obligated to provide a Loan Estimate. As the preamble to the final rule explains, the Bureau does not believe the definition of application will restrict creditor's ability to provide pre-qualification cost estimates or grant pre-approvals because creditors can provide pre-qualification estimates and grant pre-approvals without obtaining all the six elements of information that make up the definition of application. See Volume 78 of the Federal Register at page 79767.

So long as the consumer does not provide that sixth element, for example, the property address, the creditor is not required to provide a Loan Estimate and may simply provide a pre-approval or pre-qualification in compliance with its current practice and other applicable law.

However, if the consumer provides all six elements of the application, Section 1026.19(e)(1)(iii) requires the creditor to provide a Loan Estimate. The fact that a consumer requests a pre-approval or pre-qualification will not change the creditor's obligation to provide a Loan Estimate.

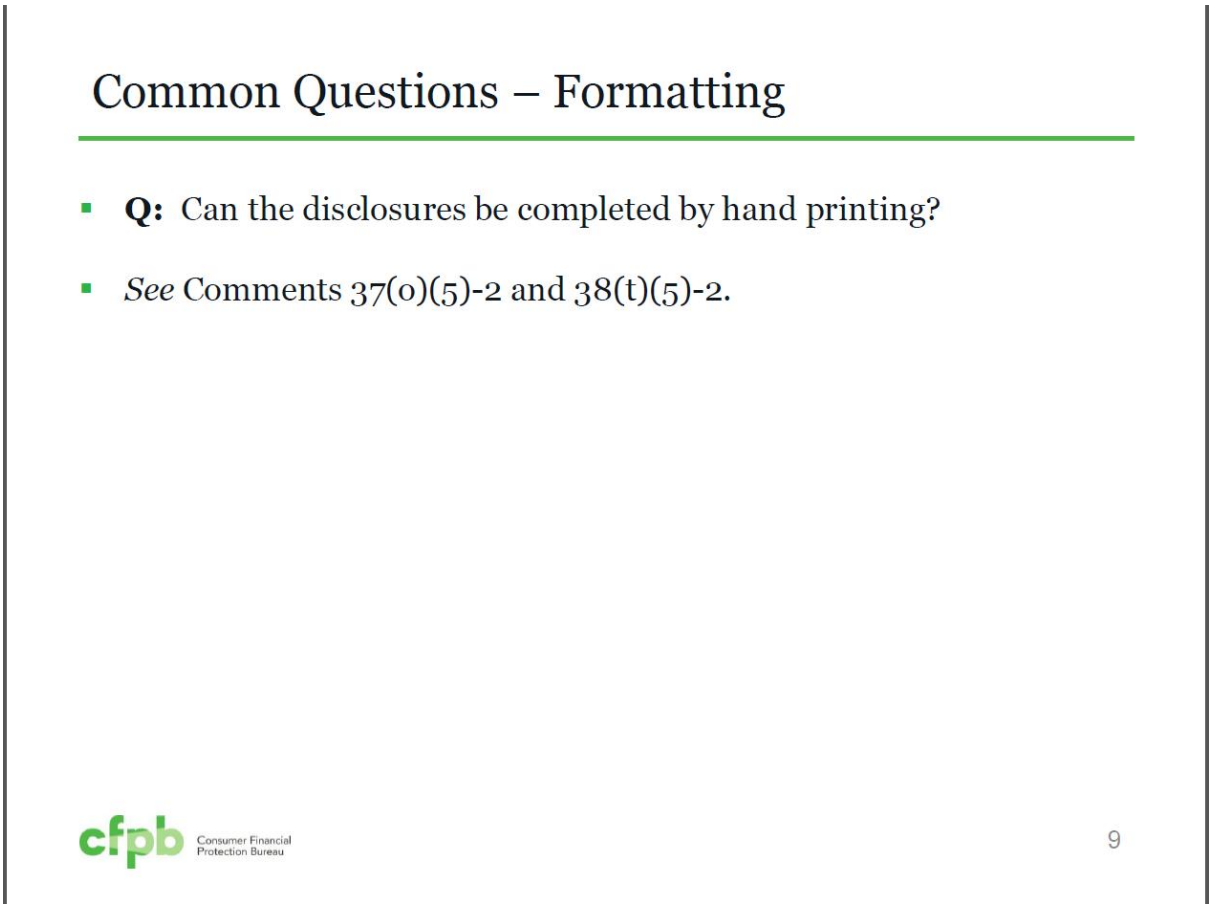


MR. WEBSTER: Now turn to slide number 8, please.

Okay, Dania. Does the new definition of "application" under the rule apply to home equity lines of credit (HELOCs)? Will the previous definition of "application" still apply to HELOCs and other products?

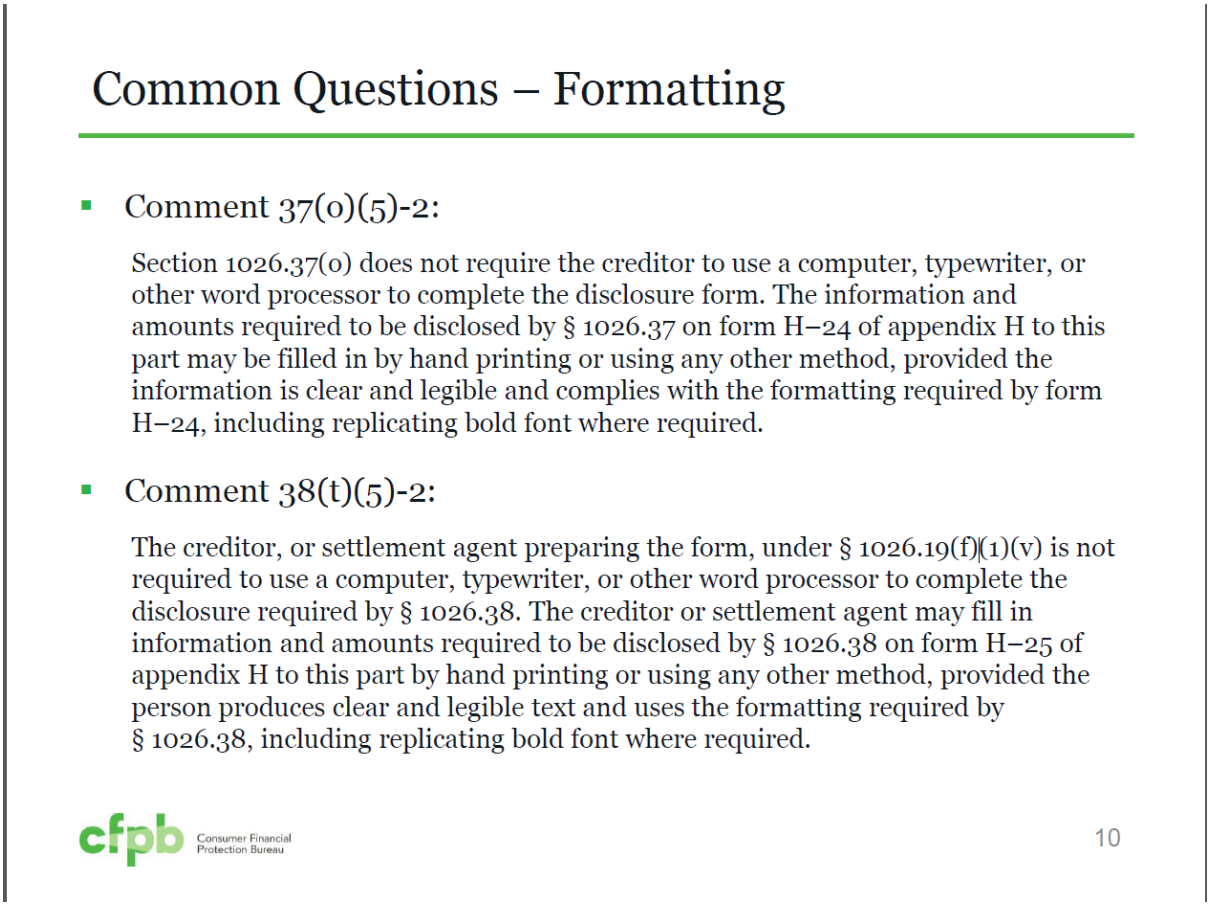
MS. AYOUBI: The new definition of application under the rule does not apply to open-end home equity lines of credit or HELOCs. To be clear, the TILA-RESPA Integrated Disclosure Rule does not change the definition of application for open-end credit. Section 1026.19(g) was meant to list all the brochures and booklets required as part of RESPA and TILA. Therefore, the placement of this provision is not a modification of the definition of application for open-end credit.

As under current RESPA, creditors are required to provide the disclosures pursuant to Section 1026.40 for home equity plans and the referenced HELOC booklet. However, creditors are not required to provide the current RESPA disclosures for HELOCs, nor will creditors be required to provide the integrated disclosures for open-end HELOCs.



MR. WEBSTER: Thank you, Dania. Can we move on to slide 9, please? Now, Pedro, can the disclosure be completed by hand printing?

MR. DE OLIVEIRA: Yes, Brian. Let's have slide 10, please.



Comment 2 to Section 1026.37(o)(5) states that creditors are not required to use any particular method, be it by hand, computer, typewriter or other word processer to complete the Loan Estimate. The rule only requires: that one, the information must be clear and legible; and two, that the information must comply with the required formatting, including replicating bold font where required, and there are various ways of doing so.

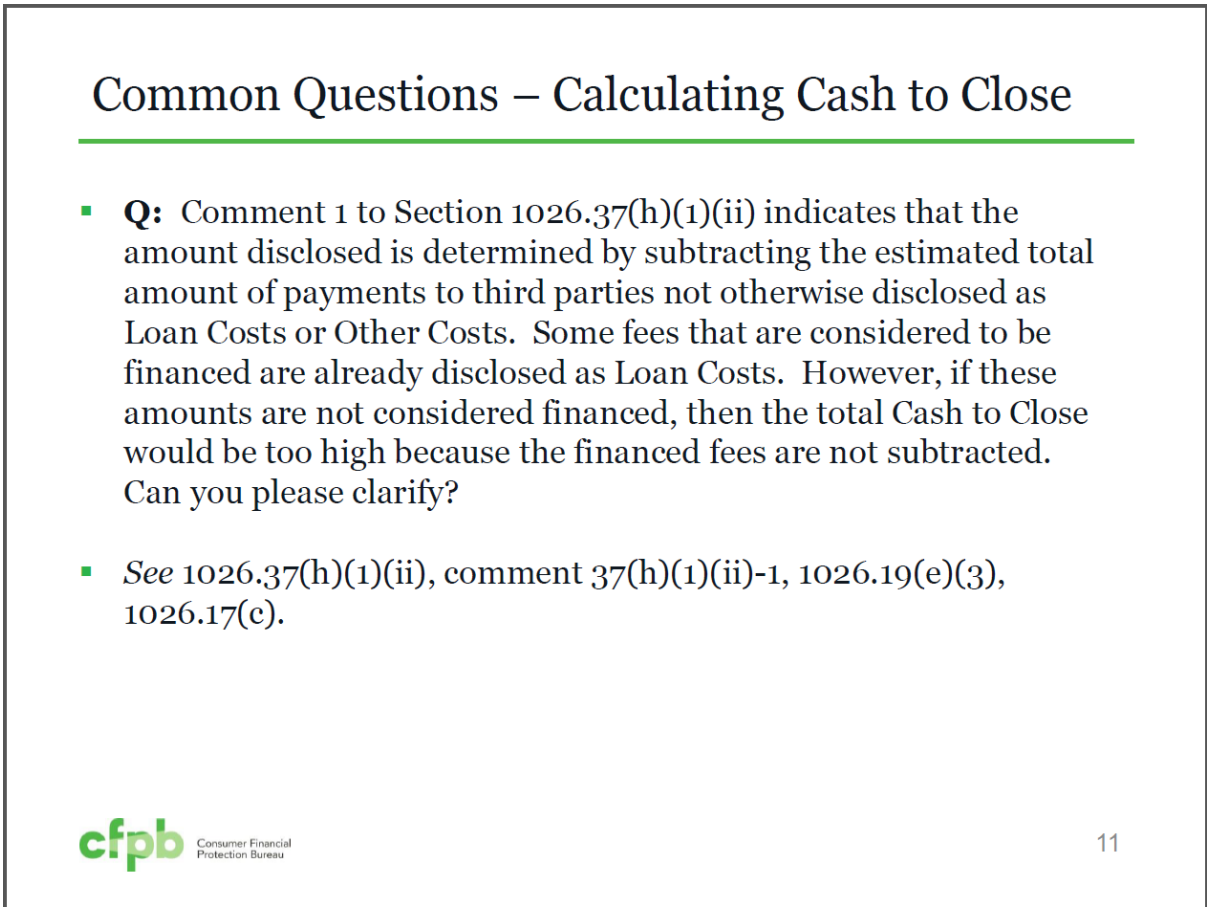
Comment 2 of Section 1026.38(t)(5) provides similar guidance for completing the Closing Disclosure.

Given that those commentary provisions do not require the use of any particular method to complete the forms, we construe this to mean that no specific font size is required for completing the disclosures.

Nonetheless, keep in mind that Sections 1026.37(o)(1)(i) and 38(t)(1)(i) require making the disclosures clearly and conspicuously. A disclosure violates the rule if it is so small that it becomes illegible.

This rule for completing the forms is different than the rule for printing the blank forms themselves which was discussed in the October 1, 2014 webinar.

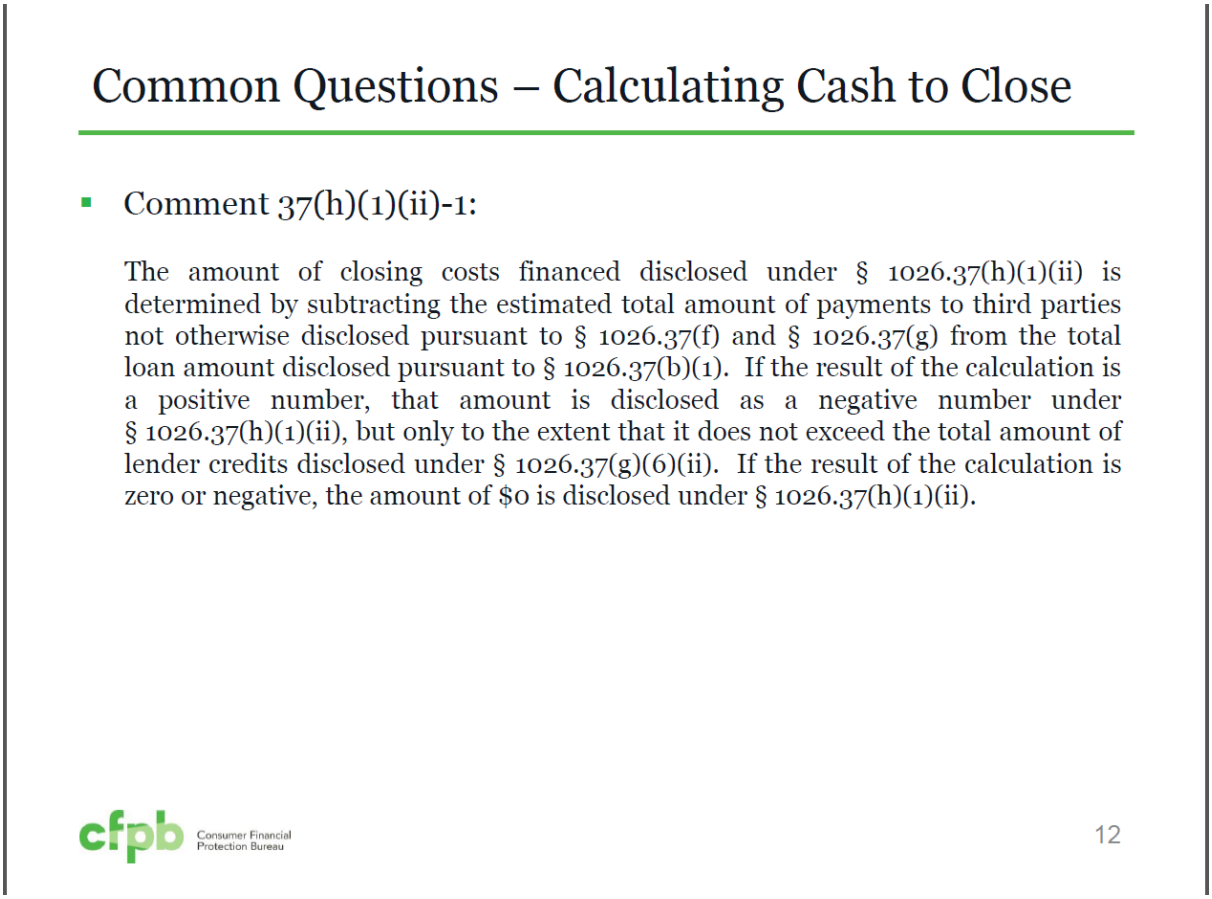
Circa the eleven minute mark on that October webinar, we stated for that federally related mortgage loans under RESPA, the blank forms H-24 and H-25 are standard mandated forms and the font size of the headings, labels and other text on the blank forms cannot be changed.



MS. AYOUBI: Slide 11. David, comment 1 to Section 1026.37(h)(1)(ii) indicates that the amount disclosed is determined by subtracting the estimated total amount of payment to third parties not otherwise disclosed as loan costs or other costs.

Some fees that are considered to be financed are already disclosed as loan costs. However, if these amounts are not considered financed, then the total cash to close would be too high because the finance fees are not subtracted. Can you please clarify?

MR. FRIEND: Yes. Thank you, Dania. The standard calculating cash to close payment is very specific as to how the amounts, such as closing costs financed here, are calculated. If I could have slide 12, please?



As correctly stated in the question, comment 1 to Section 1026.37(h)(1)(ii) indicates that the closing costs financed is determined by subtracting the estimated total amount of payments to third parties not otherwise disclosed as loan costs or other costs.

Accordingly, the closing costs financed must determine which payments are applied towards the loan amount first. It does so by deducting from the loan amount the amount of payments to third parties that have not yet been disclosed on the Loan Estimate.

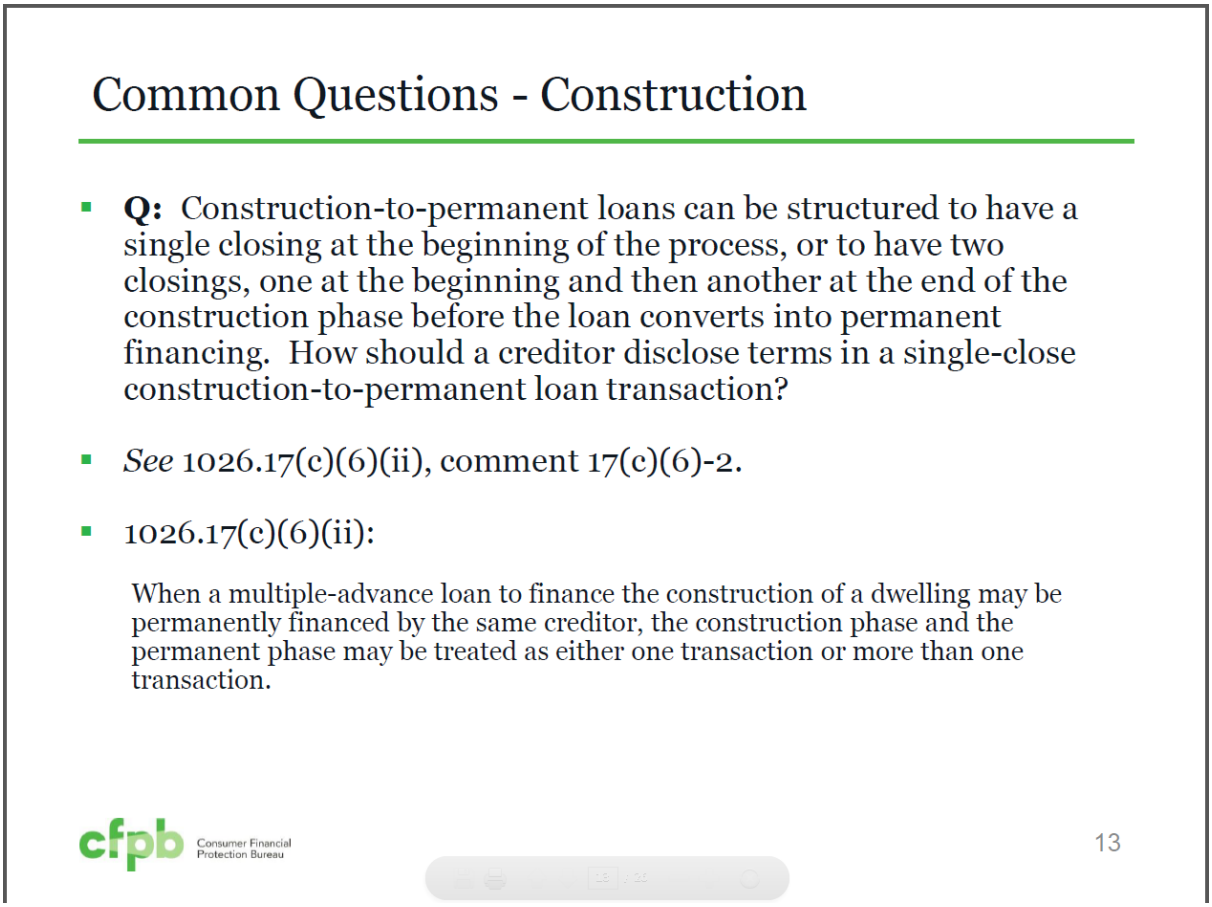
We have been getting a number of questions about what constitutes third-party charges not otherwise disclosed. These are third-party charges not disclosed on the Loan Estimate. This can include the sales price in a purchase transaction, a construction contract for a construction loan, state tax liens, credit card balances, loan payoffs, and any other third-party charges that may not be fully known to the creditor at the time the Loan Estimate is provided. Therefore, they would not be disclosed pursuant to the best information reasonably available standard.

Accordingly, if the amount is disclosed as a loan cost or other cost, it would not be included as part of this calculation.

If there are no amounts left over to pay those charges that are disclosed, then zero is disclosed as closing costs financed, as the result of the calculation would be a negative number.

When there are amounts that exceed these charges, then the closing costs financed [are] equal to that difference, that amount, capped by the amount of total closing costs. Note that the amounts disclosed in

the calculating cash to close table are not subject to the analysis under Section 1026.19(e)(3). They are only subject to the basic standard that the creditor make the disclosures based on the best information reasonably available at the time the Loan Estimate is provided under Section 1026.17.



MR. DE OLIVEIRA: Thank you, David. Can we please have slide 13? David, this question is also for you. Construction-to-permanent loans can be structured to have a single closing at the beginning of the process or to have two closings, one at the beginning and then another at the end of the construction phase before the loan goes into permanent financing.

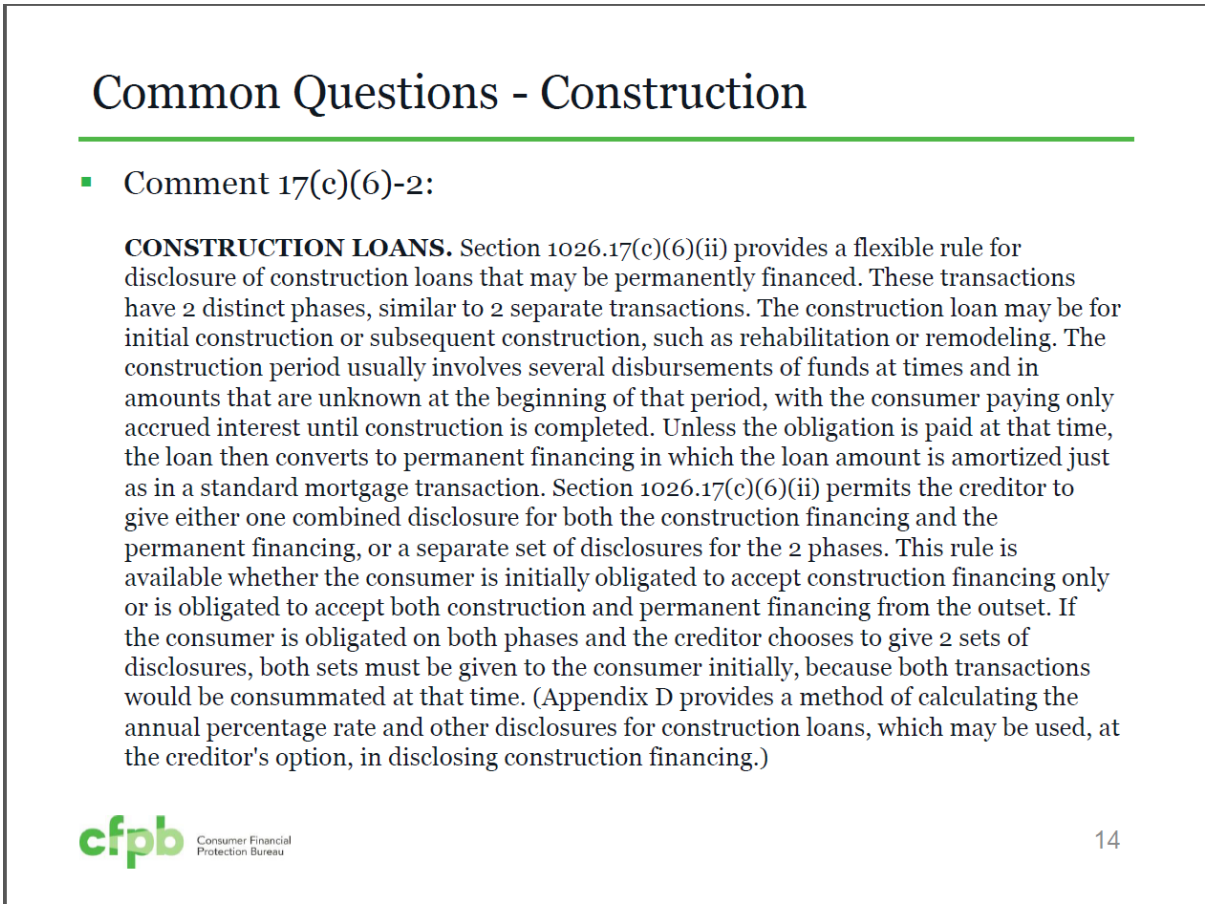
How should a creditor disclose terms in a single-close construction-to-permanent loan transaction?

MR. FRIEND: Thank you, Pedro. First, before I answer,

I think there is an important point that should be made clear. The Loan Estimate and the Closing Disclosure are governed by Regulation Z and its commentary. This means that many of the existing general provisions of Regulation Z apply to both of these new disclosures.

Under existing Regulation Z, creditors have a choice when making disclosures for construction loans. This was not modified by the Integrated Mortgage Disclosures Rule.

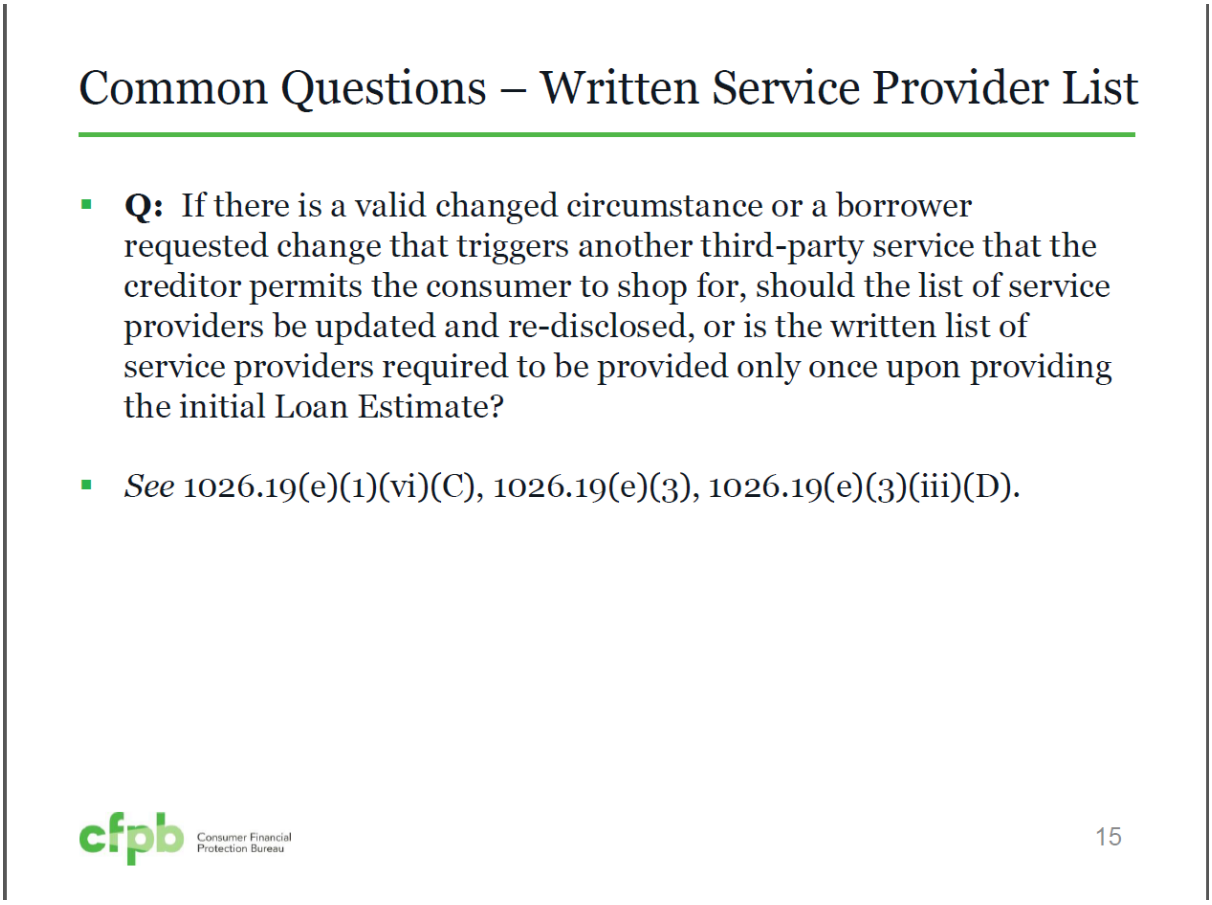
Section 1026.17(c)(6)(ii) permits creditors to disclose transactions with a construction phase and a permanent phase as either a single transaction or as two separate transactions. This is not dependent on the number of state law closings that occur but must still reflect the terms of the legal obligation between the creditor and the consumer.



May I have the next slide, slide 14, please? Comment 2 to Section 1026.17(c)(6) specifically states that this rule is available whether the consumer is initially obligated to accept construction financing only or is obligated to accept both construction and permanent financing from the outset.

Accordingly, in circumstances where there is a single closing, a creditor may still disclose two separate transactions on two Loan Estimates and two Closing Disclosures.

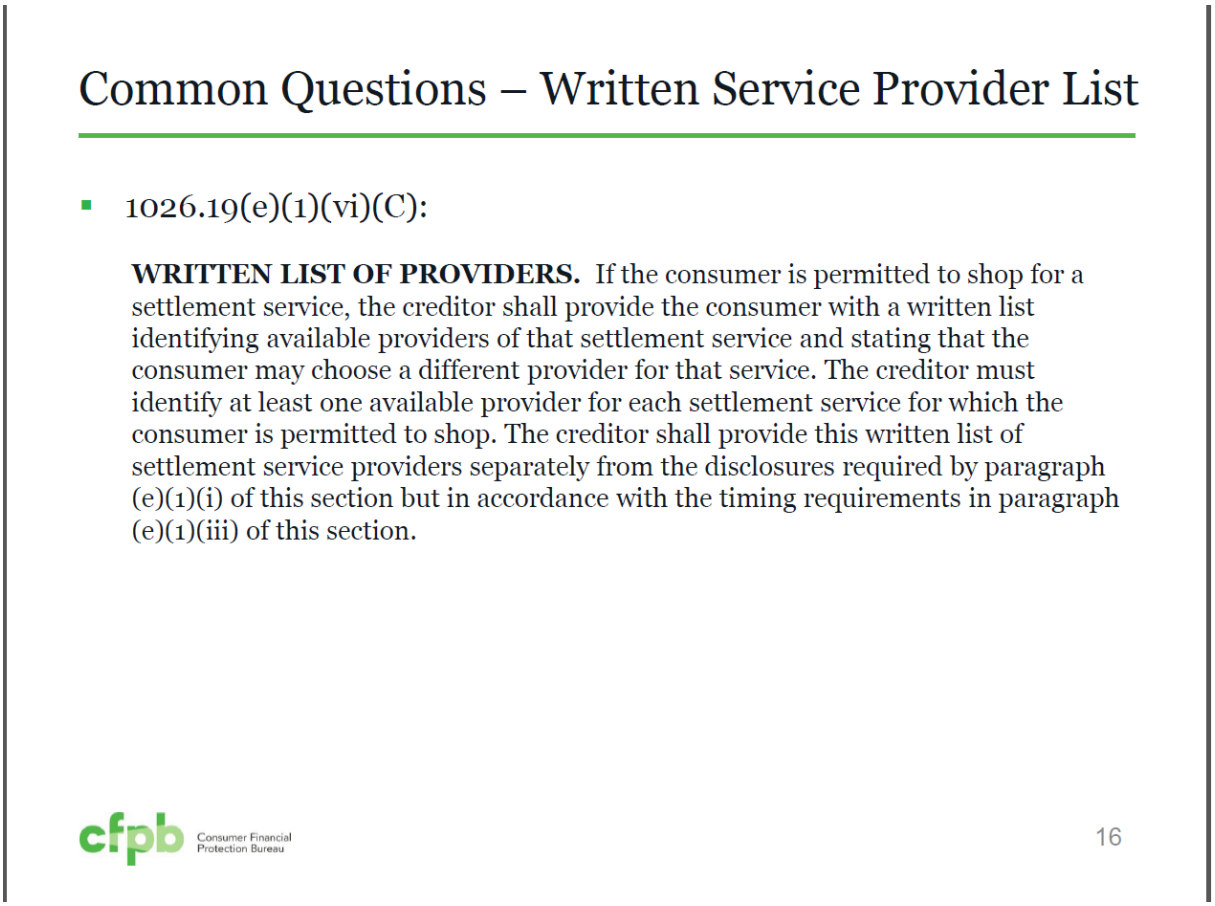
To specifically address this particular question, if the creditor chooses to disclose a single-close construction-to-permanent transaction as two transactions on the disclosure, note that comment 2 to Section 1026.17(c)(6) states that both sets must be given to the consumer initially because both transactions would be consummated at that time. I would also note that Appendix D to Regulation Z contains different ways to calculate the APR and certain other disclosures on the forms based on the creditor's decision to disclose the construction-to-permanent loan as a single transaction or multiple transactions.



MS. VORE: All right. And moving to slide 15 and the topic of the Written Service Provider List.

Dania, if there is a valid changed circumstance or a borrower requested change that triggers another third-party service that the creditor permits the consumer to shop for, should the list of service providers be updated and re-disclosed or is the written list of service providers required to be provided only once upon providing the initial Loan Estimate?

MS. AYOUBI: A creditor may update and re-disclose the written list of service providers to reflect the new service that is added as a result of a changed circumstance or borrower requested change. This question deals with the requirement under Section 1026.19(e)(1)(vi)(C), which requires the creditor to provide a written list of providers to accompany the Loan Estimate for any settlement services that the consumer is permitted to shop for.

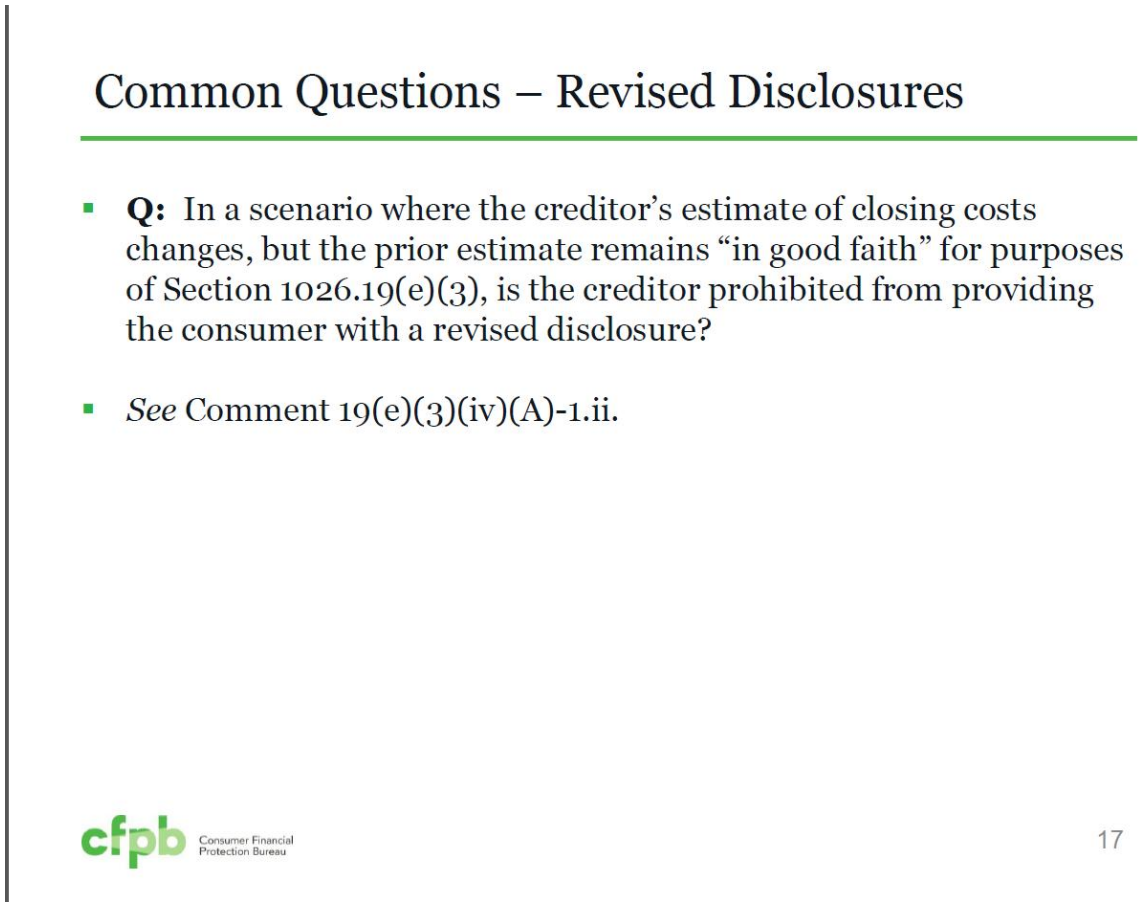


Slide 16, please. When an event that would permit resetting of tolerances or variations under Section 1026.19(e)(3)(iv) occurs and an additional settlement service is required, the creditor may disclose service providers of that additional service on the written list at the same time as issuing the revised Loan Estimate.

Although the regulation does not expressly address the scenario, we recognize that a creditor may want to permit the consumer to shop for this new service.

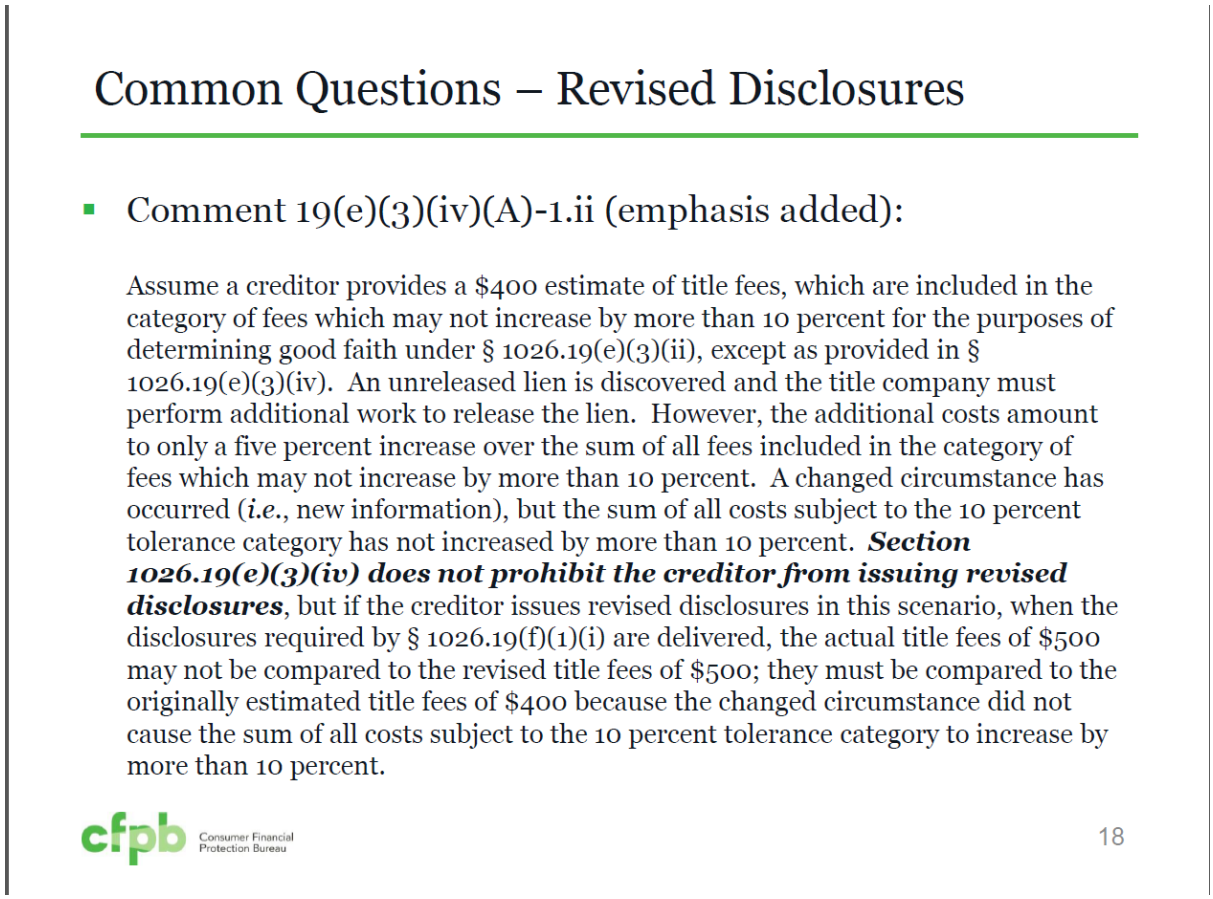
There are two ways that a creditor may approach adding this new service to the written list. First, the creditor may include the additional service and provide an updated written list or second, because the rule does not require the written list to be updated and accompany a verified Loan Estimate, the creditor may provide a written list showing only service providers of the additional service. Either method would comply with the rule.

Note, however, that if the creditor intends to allow the consumer to shop for the additional service but fails to provide an updated or revised written list of service providers, that service would be subject to zero tolerance.



MR. WEBSTER: Can we have slide 17, please? Pedro, in a scenario where the creditor's estimate of closing costs changes but the prior estimate remains "in good faith" for purposes of Section 1026.19(e)(3), is a creditor prohibited from providing the consumer with a revised disclosure?

MR. DE OLIVEIRA: No, Brian. Slide 18, please.



As stated in comment 1.ii in Section 1026.19(e)(3)(iv)(A), the rule does not permit the creditor from issuing revised disclosures for informational purposes. When estimates change, Section 1026.19(e)(3)(i) through (iii) determines whether the charges -- the changes -- are in good faith.

To be clear, throughout this answer, the phrase "in good faith" will refer to the good faith determination under that specific Section, 1026.19(e)(3).

Bear in mind that the Loan Estimate is a disclosure to the consumer. The Loan Estimate alone will not indicate whether estimates are in good faith. To determine whether estimates are in good faith, the creditor must perform the analysis under Section 1016.19(e)(3(i) through (iii).

If a creditor performs that analysis and determines that changed estimates are not in good faith, then under certain circumstances, Section 1026.19(e)(3)(iv) and (e)(4) may allow the creditor to reset the estimates in order to be in good faith.

When resetting the estimates under those circumstances, the rule requires the creditor to provide the consumer with a revised Loan Estimate or, in certain instances explained in comment 1 to Section 1026.19(e)(4)(ii), a Closing Disclosure.

But even if the creditor determines the changed estimates remain in good faith, the rule does not prohibit the creditor from issuing an updated disclosure reflecting the changed estimates and the creditor has the option of doing so.

However, keep in mind that in that case, the updated disclosure would not impact the good faith analysis under Section 1026.19(e)(3)(i) through (iii) and the creditor must have a mechanism for tracking which disclosure controls for purposes of determining good faith.

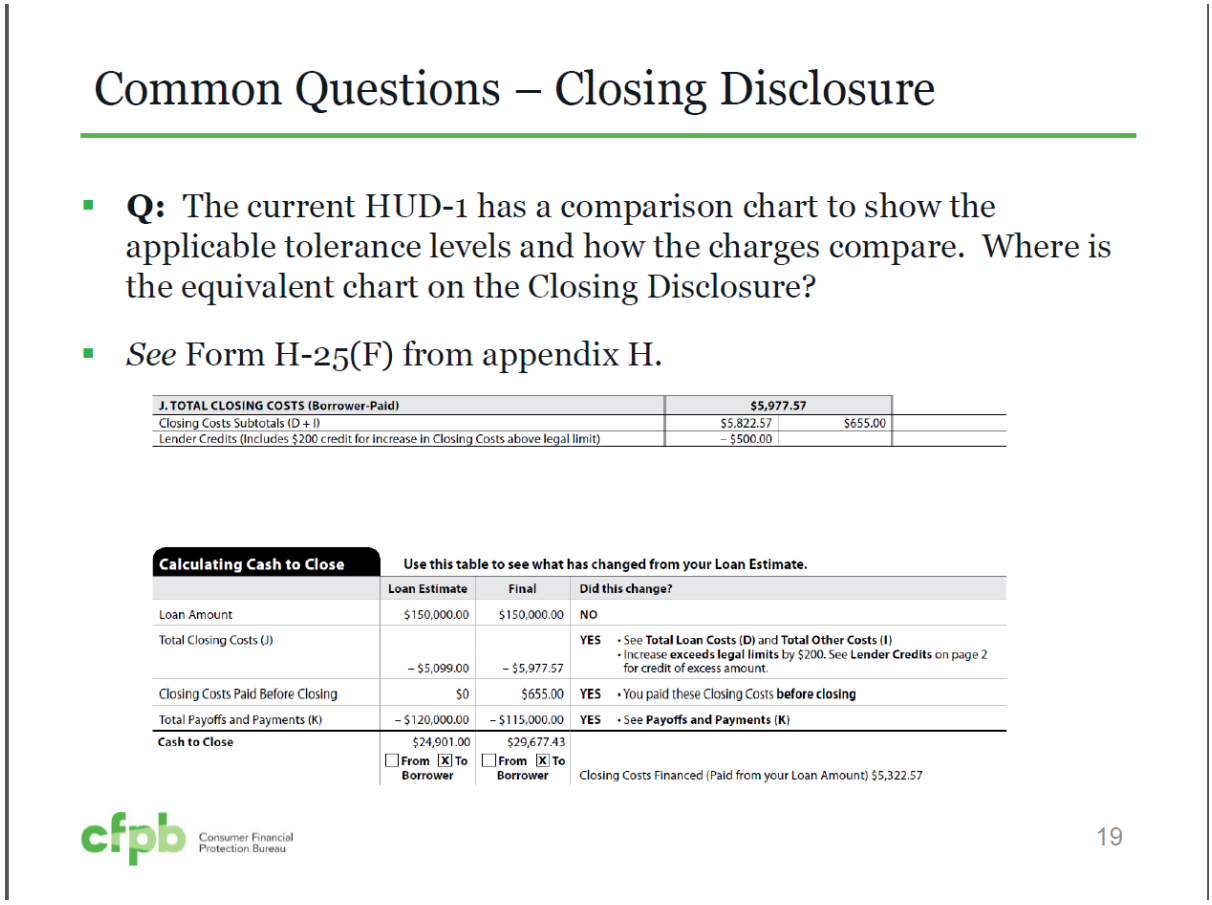
Let's consider an example. The scenario in comment 1.ii to Section 1026.19(e)(3)(iv)(a) assumes that a creditor previously provided a $400 estimate for title fees. For purposes of determining good faith, title fees are generally included in the category of fees that in aggregate may not increase by more than 10 percent.

This scenario further assumes that a changed circumstance increases title fees from $400 to $500 and that the sum of all costs subject to the 10 percent tolerance category has not increased by more than 10 percent.

Under Section 1026.19(e)(3)(ii), the prior estimate remains in good faith. Therefore, the rule does not permit the creditor to reset the estimate since the total charges in the 10 percent tolerance category are still in good faith.

However, the creditor has the option of providing the consumer with an updated disclosure reflecting the increase in title fees and when the creditor performs the good faith analysis under Section 1026.19(e)(3)(i) through (iii), the actual title fees of $500 may not be compared to the revised estimate of $500. Instead, they must be compared to the originally estimated title fees of $400 because the changed circumstance did not cause the sum of all costs subject to the 10 percent tolerance category to increase by more than 10 percent.

MR. FRIEND: Thank you very much, Pedro. If we can have slide 19, please?



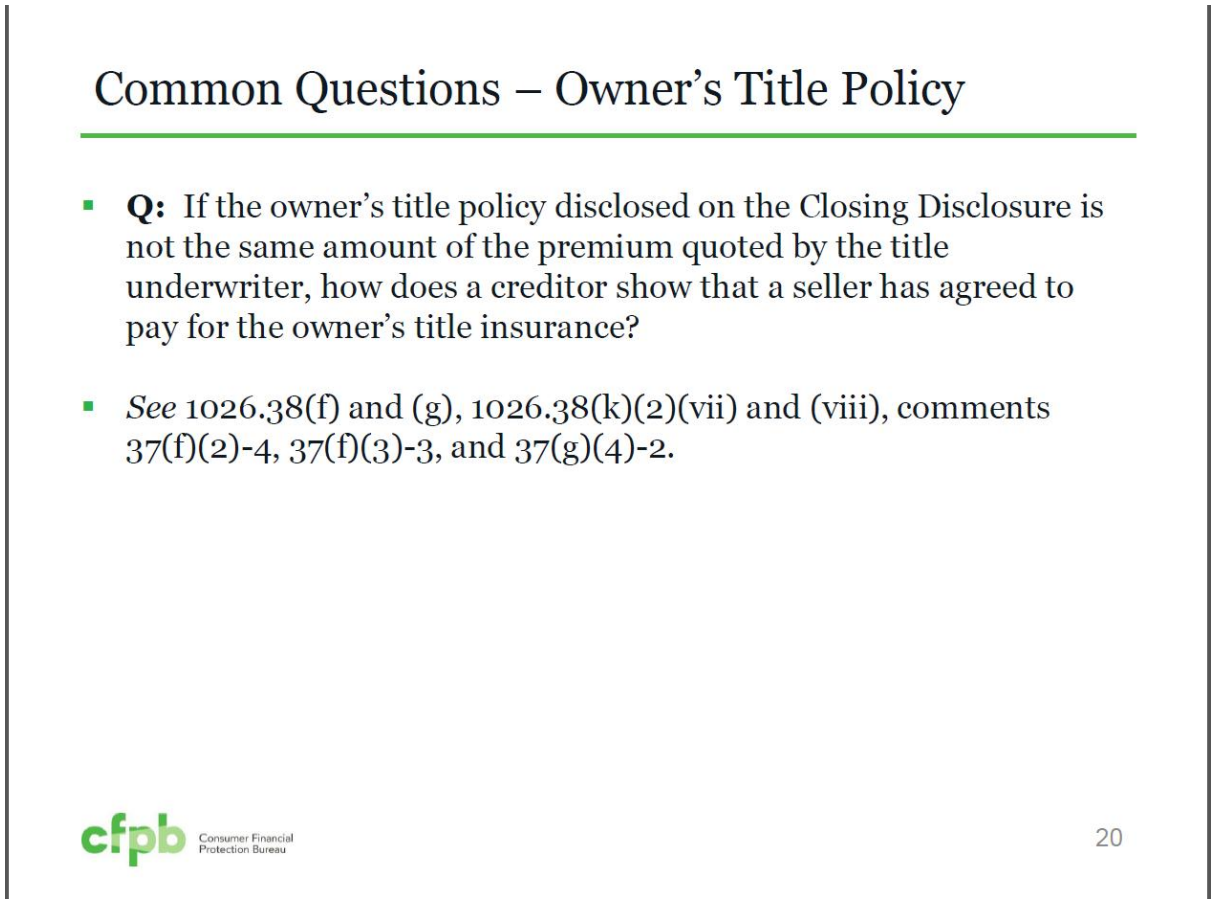
Dania, this is a question for you. The current HUD-1 has a comparison chart to show the applicable tolerance levels and how the charges compare. Where is the equivalent chart on the Closing Disclosure?

MS. AYOUBI: There is no chart on the Closing Disclosure equivalent to the HUD-1 comparison chart. The creditor is responsible for tracking charges offsheet to ensure that the amounts disclosed on the Loan Estimate were made in good faith and that the charges at closing do not exceed the applicable tolerances.

To the extent there are any refunds from the creditor to the consumer for a violation of the good faith standard, the refund should be disclosed with lender credits on page 2 of the Closing Disclosure.

As shown on the slide, any refund should be itemized in a manner as shown in form H-25(F) of Appendix H.

MS. VORE: If I could have the next slide, slide 20, please? A question about the Owner's Title Policy.



David, if the owner's title policy disclosed on the Closing Disclosure is not the same amount of the premium quoted by the tile underwriter, how does a creditor show that a seller has agreed to pay for the owner's title insurance?

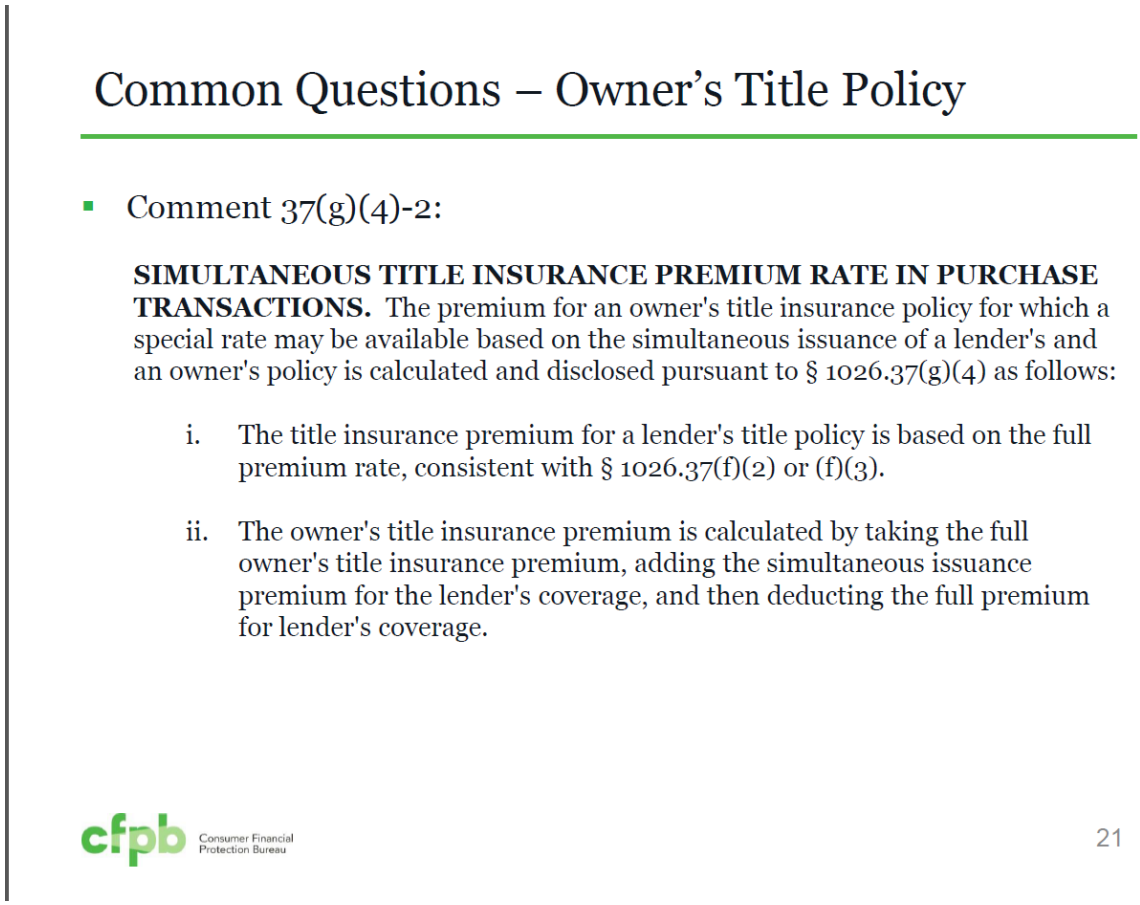
MR. FRIEND: Thank you, Julie. This question has been the subject of much discussion. The question of how to disclose title insurance cost was analyzed and debated thoroughly during the notice and comment rulemaking process, as different states provide for different methods of calculating and disclosing title insurance costs in light of potential discounts.

The basic approach of the Integrated Mortgage Disclosures Rule is to disclose the charges that the creditor requires the consumer to pay.

In the context of title insurance, the creditor requires the consumer to pay for the cost of a lender's title policy generally. The creditor's requirement is not predicated on whether the consumer obtains an owner's title insurance policy. Thus, the consumer is always responsible to the creditor to pay for a lender's policy of title insurance.

Whether a consumer purchases an owner's policy does not change this responsibility to the creditor. In developing a uniform approach for the federal integrated disclosure forms to be issued by all creditors nationwide, the Bureau ultimately determined that the most transparent way of disclosing the cost to consumers is to require that lenders' and owners' insurance policies be disclosed as separate items with any discount applied to reduce the cost disclosed for the owner's title policy.

Note that this may actually make the cost of the owner's title policy on the Loan Estimate and Closing Disclosure to be less expensive than it does on some state disclosures.



If I could have the next slide, 21, please? The sum of the disclosed amount of lender's and owner's title as disclosed on the integrated mortgage disclosure forms should equal the sum disclosed on any state mandated disclosures. See comment 2 to 1026.37(g)(4).

Note that if the simultaneous issuance calculations were disclosed in the same manner as they are in some states, the amount disclosed for a lender's title insurance policy would be negligible or zero.

In circumstances where the consumer declined an owner's title insurance policy, the lender's title insurance cost can then increase substantially resulting in a higher amount of closing costs than can be anticipated by the creditor or the consumer.

Consumers may thus be led to believe that the incremental cost of the owner's title insurance is much higher than disclosed on the Loan Estimate. This approach could lead to consumer confusion.

For a thorough discussion of this analysis, please see the preamble to the final rule and I would cite 78 Federal Register at page 79963 to page 79965.

The Bureau believes that the approach adopted in the final rule is the most practical method of providing concise and accurate disclosures to consumers in all 50 states of the incremental costs of the optional owner's title insurance.

The Bureau has had extensive conversations over the past year with title industry trade groups, the National Association of Insurance Commissioners, and has talked to representatives from state insurance commissions in Texas, New Jersey, Louisiana and Florida, among other states.

None of the responses to the outreach efforts have provided new information, proposed an alternative that would solve the basic dilemma more cleanly and clearly for consumers or indicated insurmountable implementation challenges.

The Bureau does recognize that consumers need additional information concerning issues surrounding title insurance. The first way in which the Bureau has addressed these concerns is included the Your Home Loan Toolkit, which was released in early April. Information about the nature of title insurance and the possible different ways of disclosing title insurance costs are included in the toolkit. Julie will be talking about the toolkit a little bit later in this presentation.

The Bureau will continue to assess and include helpful information to consumers in future consumer educational information as appropriate. The Bureau also expects that states may also provide additional educational information to consumers about title insurance as part of their regulatory duties in relation to the business of insurance.

Turning back to the question posed concerning how the creditor showed the allocation of costs when the seller has agreed to pay for the owner's title insurance cost as part of the purchase and sale contract with the consumer.

Because the final rule provides that the incremental cost of the owner's title insurance is to be disclosed on the Loan Estimate and the Closing Disclosure, simply shifting the incremental cost of the owner's title insurance to the seller on the Closing Disclosure may not completely reflect the amount that the seller has agreed to pay for the owner's title policy.

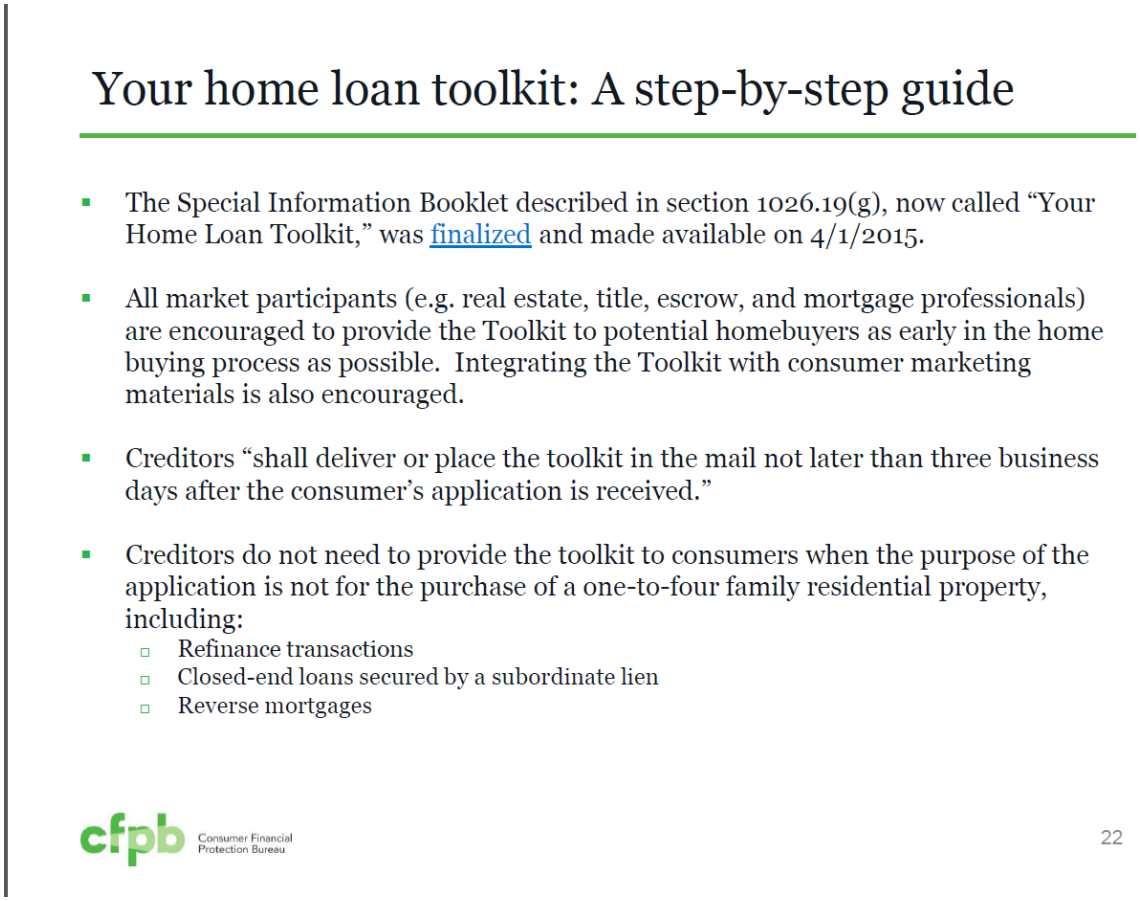
If there is an additional amount from the seller's credit, there are at least three ways in which the additional credit between the seller and consumer may be disclosed on the Closing Disclosure.

First, the remaining credit could be applied towards any other title insurance costs including the lender's title insurance cost. See Section 1026.38(f) and (g).

Second, the remaining credit can be considered to be a general seller credit and disclosed as such in the Summaries of Transactions table on page 3 of the Closing Disclosure. See Section 1026.38(k)(2)(vii).

Third, some in industry have suggested providing a credit specifying the remaining amount for the owner's title insurance cost, again in the Summaries of Transactions on page 3 of the Closing Disclosure. See Section 1026.38(k)(2)(viii).

Any one of these three methods to disclose the remaining amount of seller's credit for an owner's title policy is permissible under the final rule.



MS. VORE: Thank you, David. And the next topic that we want to cover on the next slide is the publication of Your Home Loan Toolkit: A Step-by-Step Guide.

In its enactment in 1974, Section 5 of RESPA required the provision of a special information booklet to help persons borrowing money to finance the purchase of residential real estate to understand better the nature and cost of real estate settlement services.

In 1976, HUD implemented the requirement through publication of the booklet titled Shopping For Your Home Loan: Settlement Cost Booklet. Section 1450 of the Dodd-Frank Wall Street Reform and Consumer Protection Act amended Section 5 of RESPA by, among other things, transferring responsibility for the booklet from HUD to the Bureau.

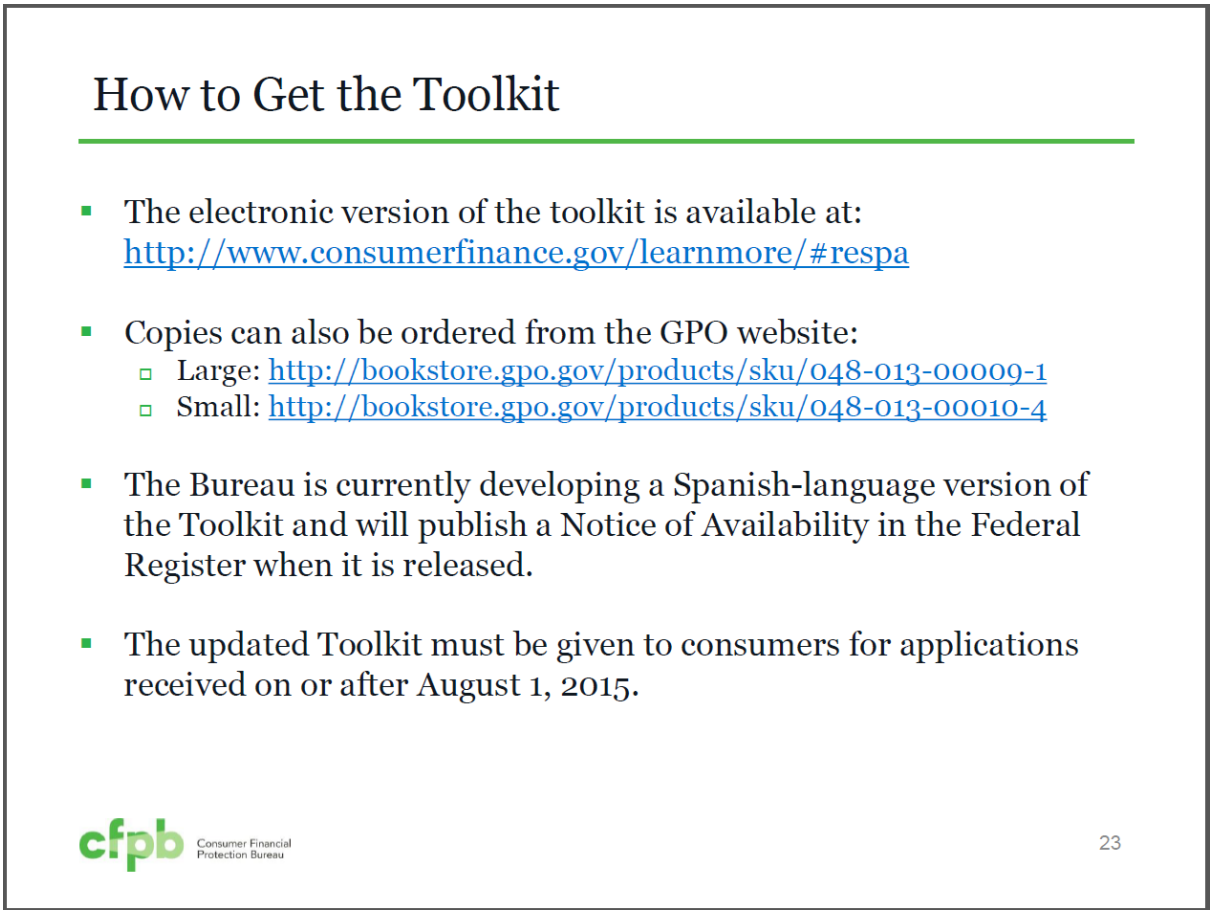
The Act requires the Director of the Bureau to prepare at least once every five years a booklet to help consumers applying for federally related mortgage loans to understand the nature and cost of real estate settlement services. Pursuant to that, the Notice of Availability of the toolkit was published on April 1, 2015. The notice has been attached to the materials for this webinar.

The toolkit has been redesigned to explain the Loan Estimate and the Closing Disclosure as well as how those documents interact with a home loan purchase transaction. It provides questions consumers should ask of themselves, the lender, and others to be aware of and intentional about their own goals as well as their mortgage lending choices.

All market participants including real estate, title, escrow, and mortgage professionals are encouraged to provide the toolkit to potential home buyers as early in the home buying process as possible.

Integrating the toolkit with consumer marketing material is also encouraged. In fact, we will be publishing instructions for using a logo with your home loan toolkit. I'll get back to that in just a minute.

Creditors are responsible for delivering or placing the toolkit in the mail not later than three business days after the consumer's application is received. Creditors do not need to provide the toolkit to consumers when the purpose of the application is not for the purchase of a one- to four-family residential property including refinance transactions, closed-end loans secured by a subordinate lien, and reverse mortgages.

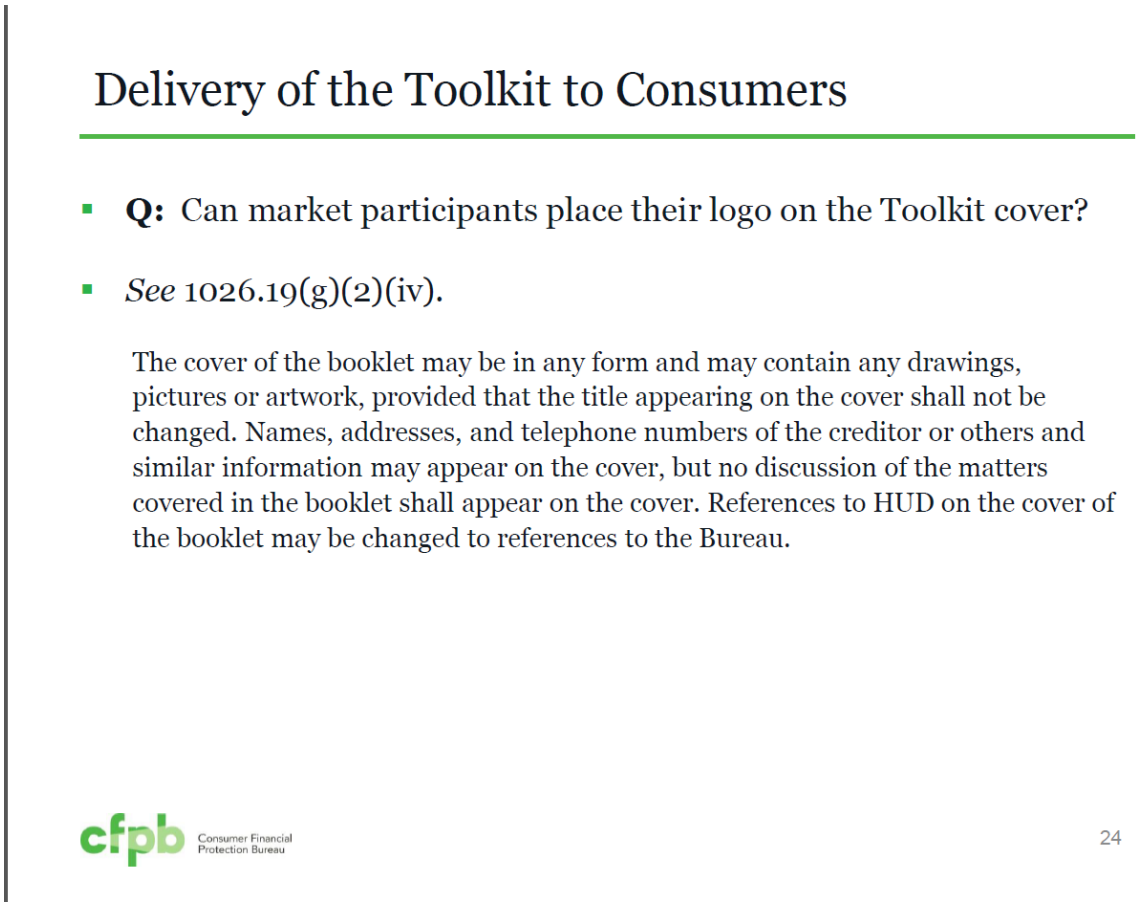


On the next slide, multiple versions of the toolkit are available at the link provided here on the consumerfinance.gov/learnmore web page. There is an electronic version designed for web posting and interactivity as well as print ready PDFs. The instructions for using a logo with your home loan toolkit will be placed at this location of our web site soon. The instructions are designed for use with Adobe Acrobat. Further information will be provided about required language that must be included on the inside front cover as well as the trademark licensing agreement.

Copies can also be ordered from the Government Printing Office. There are two formatted versions available, an 8 and a half by 11 as well as an envelope size version. The Bureau is currently developing

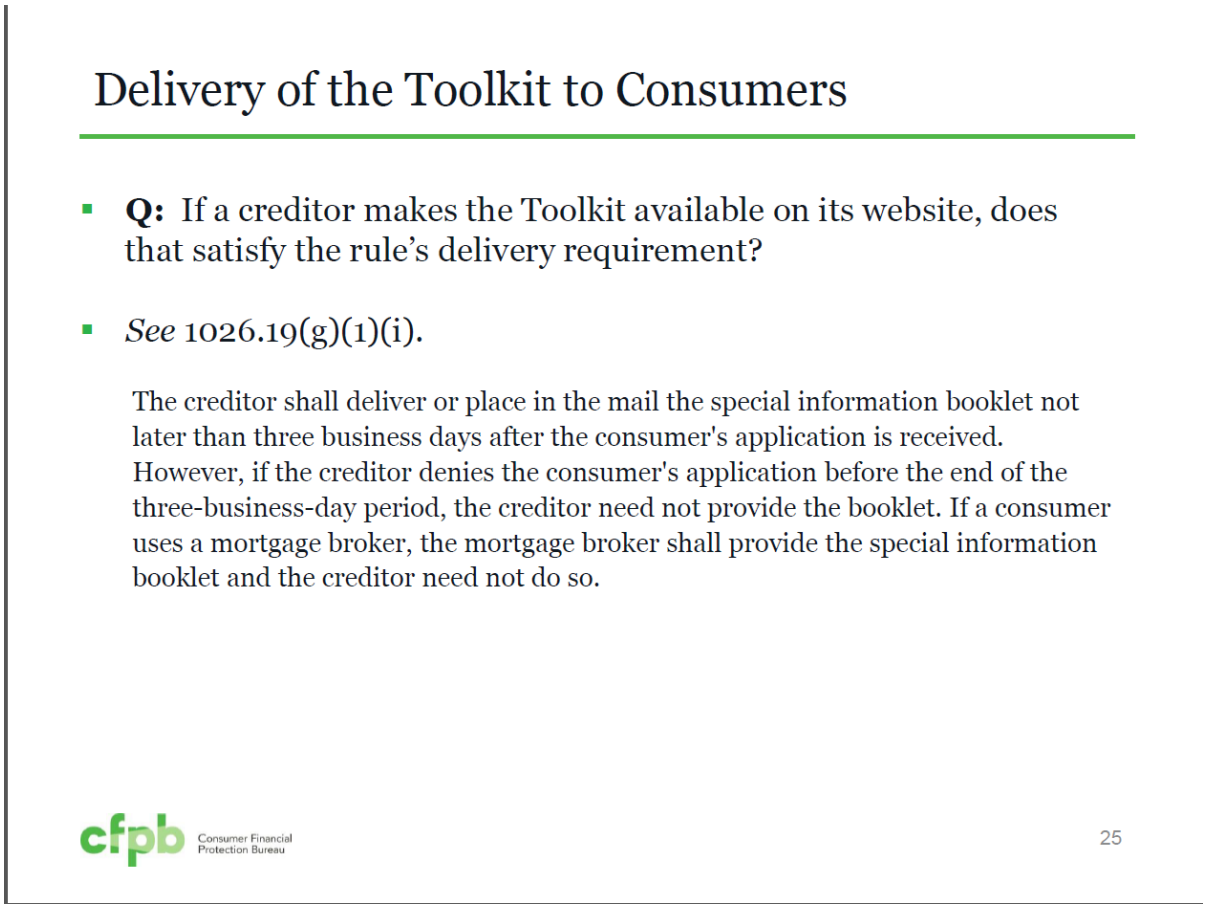
a Spanish language version of the toolkit and will publish a Notice of Availability in the Federal Register when it is released.

The updated toolkit must be given to consumers for applications received on or after August 1, 2015.



MR. WEBSTER: That's great, Julie. Thanks a lot. We'll move on to the next slide, please, slide 24. Okay. We now have a few questions related to the toolkit. Dania, can market participants place their logo on the toolkit cover?

MS. AYOUBI: Yes. Market participants may place their logo on the cover of the special information booklet also known as the toolkit. As Section 1026.19(g)(2)(iv) explains, the cover of the booklet may be in any form and may contain any drawings, pictures or artwork, provided that the title appearing on the cover may not be changed. Names, addresses and telephone numbers of the creditor or others and similar information may appear on the cover.

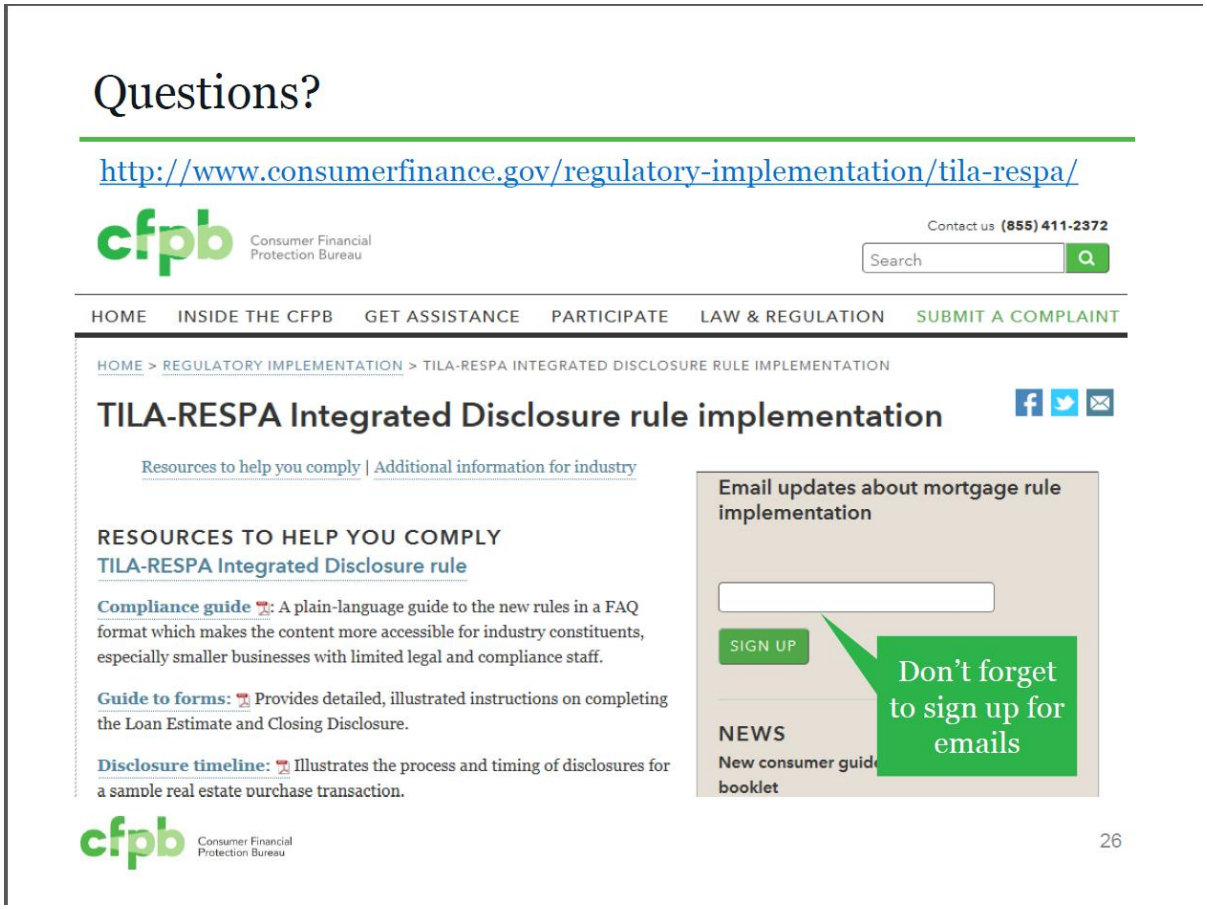


MR. WEBSTER: Thanks, Dania. This next question is also for you. Can I please have slide 25? If a creditor makes the toolkit available on its web site, does that satisfy the rule's delivery requirement?

MS. AYOUBI: No. By simply making a special information booklet, also known as the toolkit, available on its web site, a creditor does not satisfy the rule's delivery requirement. Section 1026.19(g)(1)(i) requires that the creditor deliver or place in the mail the special information booklet not later than three business days after receiving the consumer's application.

As that section also explains, if a consumer uses a mortgage broker, the mortgage broker shall provide the special information booklet and the creditor need not do so.

The Bureau encourages all market participants to provide the booklet to consumers at any other time, preferably as early in the home or mortgage shopping process as possible.



MR. WEBSTER: Thank you, Dania. Can we have slide 26, please? For more information or to submit questions, please see our regulatory-implementation page. If you sign up for email updates, you will know when we post anything new to the web site.

I want to thank everyone for participating in today's webinar and I'd like to turn it back over to Mike.

MR. FANDERBELL: Thank you very much. So, we are going to push out the survey right to you right now and that's been done right now. So, if you are on the webinar tool, go ahead and take that survey. Just take a minute to fill it out. We read every single response that comes in and we strive to make our sessions better based upon the feedback you provide.

I want to thank you all for joining us today, a special thanks to CFPB and everyone who helped make this call happen.

As a quick reminder, remember to check out our web site, www.consumercomplianceoutlook.org for an archive of this call and for information for an upcoming session. Have a great day, everybody.

We'll catch you the next time.