

TAKE JUDICIAL NOTICE

"Know Before You Owe" New Federal Mortgage Disclosure Forms

In an effort to clearly lay out the terms of a mortgage so that consumers can better comparison shop, the Consumer Financial Protection Board (CFPB) has issued new forms. These new forms will replace the existing disclosure forms, specifically known as the early Truth In Lending statement and the Good Faith Estimate.

The Loan Estimate

One such form is known as The Loan Estimate. This form must be provided to consumers within three business days after they submit a loan application, and replaces the early Truth In Lending Statement and Good Faith Estimate. It provides a summary of the key loan terms and estimated loan and closing costs.

The Closing Disclosure

Borrowers will receive this form three business days before closing. It replaces the final Truth In Lending Statement and the HUD-1 Settlement statement, and provides a detailed accounting of the transaction.

Purposes

1. Clearly state the cost of the loan over time, including breakdown of the loan amount, the principal and interest payment, and how it could change
2. Enable consumers to easily identify risky loan features such as prepayment penalties, larger than usual periodic payments, and complicated loan structures
3. State in a bold format the amount of monthly payments
4. Formatting that clearly enables a borrower to distinguish between different loan offers

The forms will be available in English and Spanish. The real estate industry will have 20 months to implement the new disclosures, by August 1, 2015.

A link to examples of the completed new forms can be found below.

[Loan Estimate example](#)

[Closing Disclosure example](#)