

# Understanding the INTEGRATED MORTGAGE DISCLOSURE RULE



Effective for loan applications received on or after August 1, 2015

## FORMS

### Loan Estimate Replaces

Good Faith Estimate (GFE)  
Initial Truth-in-Lending Disclosure (TIL)

### Closing Disclosure Replaces

HUD-1 Settlement Statement  
Final Truth-in-Lending Disclosure (TIL)



## Timing

### Loan Estimate

**3 days**

Lender ensures delivery or places in the mail no later than the third business day\* after receiving the consumer's application.

**7 days**

The Loan Estimate must also be delivered or placed in the mail no later than the seventh business day\* before consummation of the transaction.

### Closing Disclosure

**3 days**

Lender ensures the consumer receives the Closing Disclosure no later than three business days\*\* before consummation of the loan.

**3 days**

Loans may not be consummated less than three business days\*\* after the Closing Disclosure is received by the consumer.

**3 days**

Changes made to the Closing Disclosure prior to loan consummation require a new Closing Disclosure form to be issued by the lender and, in a limited number of situations (including: APR changes more than 1/8 of a percent or 1/4 of a percent for irregular loans, the loan product changes or a pre-payment penalty is added [12 CFR § 1026.19(f)(2)(ii)]), a reset of the three-day waiting period.

\* A business day for the Loan Estimate is defined as any day the lender is open to the public for substantially all of its business functions.

\*\* The term business day for the Closing Disclosure means all calendar days except Sundays and certain specified Federal holidays.

Only the holidays listed in 5 U.S.C. 6103(a) qualify: New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day. See 12 CFR § 1026.2(a)(25)



## WHAT CONSTITUTES AN APPLICATION?

1. Consumer's name
2. Consumer's income
3. Consumer Social Security number
4. A property address
5. An estimated value of the property
6. The mortgage loan amount sought



## VARIANCES

Formally known as Tolerances

No Limit Charges | Zero Variance Charges  
10% Aggregate Variance Charges



## No Limit CHARGES

Charges such as prepaid interest, property insurance premiums, amounts placed into an escrow impound or reserve account and services required by the lender – if the lender allows the consumer to shop and the consumer actually selects a third-party service not on the lender's written list of service providers, and fees paid to third-party providers for services not required by the lender.

Fees paid to third-party providers for services not required by the lender may be paid to affiliates of the lender.



12 CFR § 1026.19(e)(3)(iii)

## 10% Aggregate Variance Charges

Recording fees, charges for third-party services where;

- The charges are not paid to the lender or the lender's affiliate.
- The consumer is permitted by the lender to shop for the third-party service but selects a provider on the lender's written list of approved service providers.

12 CFR § 1026.19(e)(3)(ii) | 12 CFR § 1026.38(f)(2)



## ZERO VARIANCE

- Fees paid to the lender, mortgage broker or an affiliate of the lender, except that charges paid for a third-party service not required by the lender, may be paid to an affiliate of the lender.
- Fees paid to an unaffiliated third party if the lender did not permit the consumer to shop for third-party service provider.
- Transfer taxes

12 CFR § 1026.19(e)(3)(i) | 12 CFR § 1026.19(e)(3)(ii)(B) | 12 CFR § 1026.19(e)(3)(ii)(C) | 12 CFR § 1026.19(e)(3)(ii)(E) Comment 19(e)(3)(i) - 1.v.

