

# **Closing Disclosure**

Reference Guide

July 15, 2019



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# Closing Disclosure Reference Guide

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The purpose of this document is to show you how to complete a Closing Disclosure in AIM+.

# Adding, Editing and Deleting Fees

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To create a Closing Disclosure, information is entered in Order Entry, Closing Data Entry, and the **Closing Disclosure Details** screen. If only a Buyer's or Seller's Settlement Statement is needed, you do not need to fill out the **Closing Disclosure Details** screen.

## Adding One Fee per Section

### Steps

1. Select the **Add** drop-down list and select a fee. For added convenience, some sections have been separated into multiples by relevant areas of fee families. Subsections make the fee lists shorter, making it easier to locate fees.
2. Click **Save & Exit** to return to the data entry view.

## Adding Multiple Fees per Section

### Steps

1. Select the **Add** drop-down list and select a fee. When the fee pop-up window displays enter data.
2. When data is complete for that fee, click the next fee from the **Fee** drop-down list. An implicit save occurs when another fee is selected via the **Fee** drop-down list. There is no need to click the **Save** icon.
3. Use the **Fee** drop-down list to select another fee to add to that same section. The pop-up window changes when the new fee is selected.

## Deleting Fees

Select the fee to remove and click the **Delete Line** icon. Only 1 fee can be deleted at a time.



## Editing Fees

To edit a fee, double-click to view the detail screen. Make the change; then click **Save & Exit**. If the **Closing Disclosure Description** field is changed, this should only be changed to reflect its same purpose. Example: Termite Inspection changed to Pest Inspection.

**Note:** Most fees listed are those from the Mortgage Industry Standards Maintenance Organization (MISMO). This organization was created to promote and support the common business interests of the Commercial and Residential Mortgage markets. The country's largest lenders have indicated they intend to follow these standards.

# Closing Disclosure Data Entry

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Fees listed under the **Loan Costs** and **Other Costs** section print on page 2 of the Closing Disclosure and are equivalent to page 2 of the HUD. Fees listed under the **Summaries of Transactions** section print on page 3 of the Closing Disclosure and are equivalent to page 1 of the HUD.

## Can Fee Descriptions Be Changed?

Fee descriptions can be changed but should only be changed to reflect its same purpose. For example, Termite Inspection can be changed to Pest Inspection.

Due to industry standards and the electronic transfer of data on the lenders side, these descriptions must remain similar in nature to the fee selected.

If you choose **Other** fee, this would be equivalent to a blank line and would require a description.

## What Line in Each Section is the Total?

“D” is the total **Loan Costs** and is the sum of A, B and C. “I” is the total **Other Costs** and is the sum of E, F, G and H. “J” is the total

**Closing Costs** and is the sum of D and I.

Fees listed in **A Origination Charges** are equivalent to those fees you enter on the HUD in the 800 section. **E Taxes and Other Government Fees** is where you will go to enter the recording fees. **F Prepaids** are equivalent to the 900 section on the HUD. **G Initial Escrow Payment At Closing** is the Reserves and is equivalent to the 1000 section on the HUD. There are 4 “H” subsections: **Commissions, Premiums, Title Charges** and **Additional Charges**. **Additional Charges** are equivalent to the 1300 section on the HUD.

# Title Insurance

Title Insurance is located in the **Loan Costs** and **Other Costs** sections. You can access this from the **Title Charges** data entry group or from the **Closing Disclosure data entry** view in the Closing data entry group.



The Title Insurance screen for the Closing Disclosure has two tabs, one for the Lender's Policy and one for the Owner's policy.



When **Simultaneous Lender's** is selected in the **Rate Based On** drop-down list, most locations previously disclosed a reduced rate for the Lender's Policy. CFPB states that the Closing Disclosure will no longer show this discounted price. It will show the full loan premium known as **True Value**. The Owner's Policy premium will calculate the difference between the combined premium totals and the full loan premium. If **Simultaneous Owner's**, **Lender's Only**, or **Owner's Only** is selected as the **Rate Based On** then True Value is irrelevant.

For example, if the Owner's Policy full premium is \$1,000 in a particular state and a simultaneous issue fee for a Lender's Policy in that state is \$100, the total of both premiums is \$1,100. With a True Value Calculation, if the full premium for the Loan Policy in the same transaction is \$650, the Owner's Policy will populate with \$450. Note that the total premium is the same.



**Note:** If the buyer or seller will pay less or more, make an adjustment in the **Summaries of Transactions** section either in the **K/M. Adjustments Paid By Seller** or **L/N. Adjustments Unpaid by Seller**. K/M is a debit to the buyer and a credit to the seller and L/N is a credit to the buyer and a debit to the seller.

## Endorsements

Endorsements will not be itemized on the Closing Disclosure and will only show a total. A new Description field has been added to give you the ability to type in a short description of the endorsements that are included in the premium. Endorsements can be itemized on the Stewart Settlement Statements.



## Summaries of Transactions

The **Summaries of Transactions** section prints on page 3 of the Closing Disclosure and is equivalent to page 1 of the HUD. The appearance is very similar to page 1 of the HUD where "K" is a buyer debit and "M" is seller credit, "L" is a buyer credit and "N" is seller debit.

| BORROWER'S TRANSACTION                                  |             | SELLER'S TRANSACTION                                    |             | L. First Position Buyer at Closing              |             | B. Buyer/Seller at Closing                   |             |
|---|-------------|---|-------------|---|-------------|--|-------------|
| 1. Date First Transaction Closing                       | \$ 0.000000 | 1. Date to Seller at Closing                            | \$ 0.000000 | 1. Deposit                                      | \$ 0.000000 | 1. Excess Deposit                            | \$ 0.000000 |
| 2. Sale Price of Property                               | \$ 0.000000 | 2. Sale Price of Property                               | \$ 0.000000 | 2. Existing Loan(s) Assumed or Taken Subject to | \$ 0.000000 | 2. Closing Costs Assumed or Taken Subject to | \$ 0.000000 |
| 3. Sale Price of Any Personal Property Included in Sale | \$ 0.000000 | 3. Sale Price of Any Personal Property Included in Sale | \$ 0.000000 | 3. Seller Credit                                | \$ 0.000000 | 3. Payoff of First Mortgage Loan             | \$ 0.000000 |
| 4. Closing Costs Paid at Closing B                      | \$ 0.000000 | 4. Closing Costs Paid at Closing B                      | \$ 0.000000 | 4. Other Credits                                | \$ 0.000000 | 4. Payoff of Second Mortgage Loan            | \$ 0.000000 |
| Adjustments   |             | Adjustments   |             | Adjustments                                     |             | 5. Seller Credit                             | \$ 0.000000 |
| Adjustments for Items Paid by Seller in Advance         |             | Adjustments for Items Paid by Seller in Advance         |             | Adjustments for Items Shown by Seller           |             | 6. City/Town Taxes                           | \$ 0.000000 |
| 1. City/Town Taxes                                      |             | 1. City/Town Taxes                                      |             | 1. City/Town Taxes                              |             | 7. County Taxes                              | \$ 0.000000 |
| 2. County Taxes   |             | 2. County Taxes   |             | 2. County Taxes                                 |             | 8. Assessments                               | \$ 0.000000 |
| 3. Assessments  |             | 3. Assessments  |             | 3. Assessments                                  |             |  |             |

**Where do I enter the Earnest Money, Seller's Payoff, and Borrower's Payoff?**

Earnest Money is located under **L/N. Paid By or on Behalf of Borrower** and the description is called Deposit and cannot be changed. To enter a payoff for a purchase, choose **N. Due from Seller at Closing – First Position Mortgage Lien**. To enter a payoff for a Refinance, choose **K/M Due at Closing – First Position Mortgage Lien - Buyer**.

|  |  |  |
|--|--|--|
| Deposit<br>Existing Loan(s) Assumed or Taken Subject to<br>Loan Amount<br>Other Fee<br>Satisfaction of Junior Lien<br>Second Lien Principle Balance<br>Seller Credit | Collections Judgments and Liens - Seller Debit<br>Deferred Student Loan - Seller Debit<br>Delinquent Taxes - Seller Debit<br>Deposit<br>Excess Deposit<br>First Position Mortgage Lien | Collections Judgments and Liens - Buyer<br>Deferred Student Loan - Buyer<br>Delinquent Taxes - Buyer<br>First Position Mortgage Lien - Buyer |
|--|--|--|

## How Many Lines Do I have Available?

Like page 1 of the 2010 HUD today, there is a set amount of lines. This Closing Disclosure is different because behind the scenes it will take any overage of lines needed from other sections. If those lines in each section are used, it will no longer have page 2, instead will be replaced with pages **2a** and **2b**. Page 2a will contain fees entered in the **Loan Costs** section and page 2b will be fees that were entered in the **Other Costs** section.

**Fees** that appear in **Summaries of Transactions** work a little different. When the lines in this section are full, they still print on page 3; however the remaining fees will print on an addendum.

# Closing Disclosure Header

There are 3 columns: Closing Information, Transaction Information, and Loan Information. The majority of the Closing Disclosure header on page 1 comes from Order Entry.

In the Closing Information column, The **Date Issued** is entered in the **Issued, Closing, Proration, Disbursement Dates** screen.



## Closing Disclosure Addendum

CFPB rule states that only 2 Borrower's, 2 Sellers, 1 Property, and 1 Lender/Creditor can print on the header. The remaining will carry over to the **Closing Disclosure Addendum**. The addendum will contain the remaining Borrower's, Seller's, Property, and signature lines.

## Address

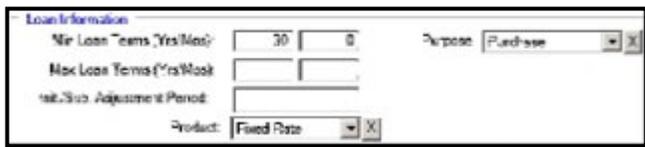
The address will print on the Closing Disclosure, however if an address does not exist, by design AIM+ will pull the data from the next Property tab (Abstract, Subdivision, Condominium, etc.). This will not pull from Brief Legal.

**Note:** If a property does not exist in Order Entry, CFPB requires a state and zip code.

The **Loan Type**, **Loan ID#**, and **MIC#** all come from the **Lender party** in the Parties data entry group.



In the Loan Information column, the **Loan Term**, **Purpose**, and **Product** come from the **Loan Terms tab** within the **Closing Disclosure Details** screen in the Closing data entry group.



# Closing Disclosure Details – Loan Terms Tab

To access the Closing Disclosure Details screen, click the **Closing Disclosure Details** icon .

There are 5 tabs to complete when preparing a Closing Disclosure.

**Loan Terms** and **Projected Payments** print on page 1 of the Closing Disclosure. **Calculating Cash to Close** prints at the bottom of page 1 and top of page 3. **Loan Disclosures** prints on page 4 and **Loan Calculations/Other Disclosures** prints on page 5.



**Note:** The Lender/Creditor should provide instructions based on a Loan Estimate, Closing Disclosure or Closing Instructions.

## Loan Amount

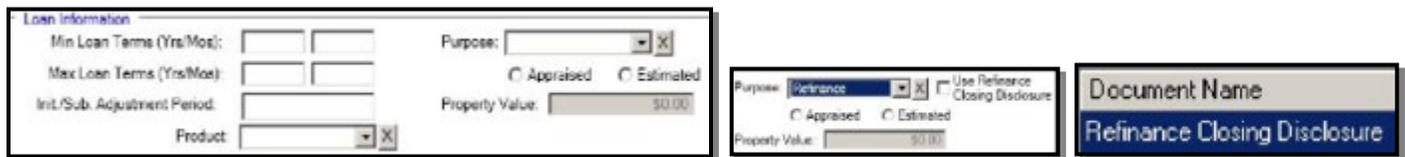
The loan amount can be changed in either the Parties group or by double-clicking on the fee in the Closing Disclosure data entry view. Indicate if this amount can increase after closing and how high and until what year.



Loan Amount:  Can this amount increase after closing?  No  Yes  
Can go as high as   
Can increase until year

## Loan Information

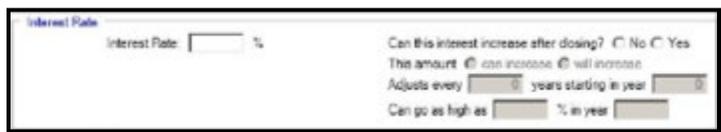
Complete the loan terms, Product and Purpose. If **Refinance** is selected as **Purpose**, a checkbox appears to the right to indicate if a **Refinance Closing Disclosure** is needed. If selected, this document will appear as a new document to print in print options.



Loan Information  
Min Loan Terms (Yrs/Mos):  /  Purpose:   Use Refinance Closing Disclosure  
Max Loan Terms (Yrs/Mos):  /   Appraised  Estimated  
Int./Sub. Adjustment Period:  Property Value:   
Product:

## Interest Rate

In this section enter the interest rate for the loan. Indicate if it could increase after closing and if so how high and how often. If **Yes** is selected that the interest rate can increase after closing, an **Adjustable Interest Rate Table** displays (**AIR**).



Interest Rate:  % Can this interest increase after closing?  No  Yes  
The amount  can increase  will increase  
Adjusts every  years starting in year   
Can go as high as  % in year

## Principal & Interest

Enter the Principal & Interest amount and indicate if this can increase. Enter the year it will adjust and the year it will start. Enter how high it can go and in which year and whether or not it includes interest only and no principal until a specific year. If **Yes** is selected that the Principal & Interest can increase, an **Adjustable Payment Table** displays (**AP**).



Principal & Interest:  Can this amount increase after closing?  No  Yes  
Period:  Adjusts every  years starting in year   
Can go as high as  in year   
Includes only interest and no principal until year

## Prepayment Penalty

Indicate whether there is a prepayment penalty.

|                    |  |
|--------------------|--|
| Prepayment Penalty | Does this loan have prepayment penalty? <input type="radio"/> No <input type="radio"/> Yes<br>Can go as high as <input type="text" value="50.00"/><br>if you pay off the loan within the first <input type="text"/> years. |
|--------------------|--|

## Balloon Payment

Indicate if there is a balloon payment what will need to be paid and at what year it's due.

|                 |   |
|-----------------|---|
| Balloon Payment | Does this loan have balloon payment? <input type="radio"/> No <input type="radio"/> Yes<br>You will have to pay <input type="text" value="50.00"/><br>at the end of year <input type="text"/> |
|-----------------|---|

# Closing Disclosure Details – Projected Payments Tab

To access the Closing Disclosure Details screen, click the **Closing Disclosure Details** icon 

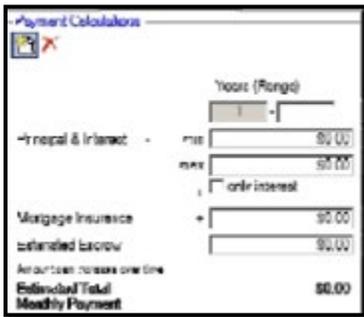
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**Note:** The Lender/Creditor should provide instructions based on a Loan Estimate, Closing Disclosure or Closing Instructions.

## Payment Calculations

Enter the years (Range) for the Principal & Interest, Mortgage Insurance and Estimated Escrow. To add another range, click the **Add Range** icon. Only 4 can be added. To remove a range, click the **Remove Last Range** icon.



The screenshot shows a 'Payment Calculations' window with the following fields and values:

| Item                            | Min | Max | Value  |
|---------------------------------|-----|-----|--------|
| Principal & Interest            |     |     | \$0.00 |
| Mortgage Insurance              |     |     | \$0.00 |
| Estimated Escrow                |     |     | \$0.00 |
| Estimated Total Monthly Payment |     |     | \$0.00 |

## Estimated, Taxes, Insurance & Assessments

Select all those that apply, whether or not it is in escrow and the amount. The amount is automatically totaled and appears in the first column. When **Other** is selected, choose the fee from the drop-down list below then click **Add**. To remove, select the item to remove, then click **Remove**.



The screenshot shows a table for 'Estimated, Taxes, Insurance & Assessments' with the following data:

|  | In escrow? | Amount |
|--|------------|--------|
| <input checked="" type="checkbox"/> Property Tax           | YES        | \$0.00 |
| <input checked="" type="checkbox"/> Homeowner's Insurance  | YES        | \$0.00 |
| <input checked="" type="checkbox"/> Other                  |            |        |
| [Dropdown: Continuum Access in Case] [NO] [Amount: \$0.00] |            |        |

# Closing Disclosure Details – Calculating Cash to Close Tab

To access the Closing Disclosure Details screen, click the **Closing Disclosure Details** icon 

There are 5 tabs that will need to be completed when preparing a Closing Disclosure.

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**Note:** The Lender/Creditor should provide instructions based on a Loan Estimate, Closing Disclosure or Closing Instructions.

## Calculating Cash to Close

In the **Loan Estimate** column, enter the amount rounded to the nearest dollar. Amounts from the Loan Estimate should be compared to the Final amounts determined at consummation which are automatically calculated values through the Closing Disclosure.

The **Final** column is automatically calculated based on the fees entered. Indicate if any of the amounts have changed in the **Did this change?** column.

Total Closing Costs (J) equals the sum of D and I.

Closing Costs Paid Before Closing equals Buyer/Borrower POC amounts.

|                         |        |
|-------------------------|--------|
| Total Closing Costs (J) | \$0.00 |
|-------------------------|--------|

Closing costs that were financed.

|                                   |        |
|-----------------------------------|--------|
| Closing Costs Paid Before Closing | \$0.00 |
|-----------------------------------|--------|

Down Payment/Funds from Borrower equals the difference between the Sales Price and the Loan Amount.

|   |        |
|---|--------|
| Closing Costs Financed (Paid from your Loan Amount) | \$0.00 |
|---|--------|

Deposit equals any Earnest Money/deposits received.

|                                    |        |
|------------------------------------|--------|
| Down Payment / Funds from Borrower | \$0.00 |
|------------------------------------|--------|

Equals the available funds for the Borrower.

|         |        |
|---------|--------|
| Deposit | \$0.00 |
|---------|--------|

Any seller credits that were given.

|                    |        |
|--------------------|--------|
| Funds for Borrower | \$0.00 |
|--------------------|--------|

Any adjustments and other credits that were given.

|                |        |
|----------------|--------|
| Seller Credits | \$0.00 |
|----------------|--------|

Cash to Close is automatically calculated and displays on page 1 under Costs at Closing/Cash to Close.

|               |        |
|---------------|--------|
| Cash to Close | \$0.00 |
|---------------|--------|

# Closing Disclosure Details – Loan Disclosures

To access the Closing Disclosure Details screen, click the **Closing Disclosure Details** icon .

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**Note:** The Lender/Creditor should provide instructions based on a Loan Estimate, Closing Disclosure or Closing Instructions.

## Loan Disclosures

**Assumption** - Select the radio button that indicates whether or not the lender will allow assumption on the loan.

**Demand Feature** - Select the radio button that indicates whether or not there is a demand feature on the loan.

**Late Payment** – Complete the steps below:

### Steps

1. Enter the number of days before a late payment is charged to the loan amount by the lender.
2. To enter a percentage of interest, select the radio button % of monthly principal and interest amount, and enter the percentage.

Or to enter a dollar amount of interest, select the radio button beside the blank textbox and type in the amount.

**Negative Amortization (Increase in Loan Amount)** - Select the radio button that best describes the increase to the loan amount, including negative amortization amount.

**Partial Payment** - Select the radio button that best describes the terms of partial payments to the loan.

**Security Interest** - In the Security Interest drop-down list, select all items you are granting security interest in. To remove your selection, click the **X** button.

**Note:** Select **Other** to enable the other description textbox. Type a brief description of the other security interest not listed in the drop-down list.



**Escrow Account** - Select the radio button that best describes whether or not the loan will have an escrow account.

**Note:** If you choose **will not have an escrow account because**, select the radio button that best describes the reason why you will not have an escrow account on this loan.

# Closing Disclosure Details – Loan Calculations/Other Disclosures

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To access the Closing Disclosure Details screen, click the **Closing Disclosure Details** icon. There are 5 tabs that will need to be completed when preparing a Closing Disclosure.

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**Note:** The Lender/Creditor should provide instructions based on a Loan Estimate, Closing Disclosure or Closing Instructions.

## Loan Calculations

**Total of Payments** – Enter the dollar amount total the borrower will have paid after making all payments of principal, interest, mortgage insurance, and loan costs as scheduled.

**Finance Charge** – Enter the dollar amount the loan will cost the borrower.

**Amount Financed** – Enter the loan amount that is available after paying the upfront finance charge.

**Annual Percentage Rate (APR)** – Enter the Costs over the loan term, expressed as a rate (percentage). This is not the interest rate.

**Total Interest Percentage (TIP)** – Enter the total amount of interest the borrower will pay over the loan term as a percentage of the loan amount.

## Other Disclosures

**Liability after Foreclosure** – If the lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan; select the radio button that best describes whether or not state law will protect the buyer in the case of foreclosure.