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**MYLESTITLE'S 4TH QUARTER 2015
ADVISORY COUNCIL BREAKFAST & SEMINAR**

Solutions to Key Maryland Real Estate Issues:
**THE "NEW" REAL ESTATE PARADIGM:
KEY ISSUES FOR 2015 AND BEYOND**

**REGIONAL COMMERCIAL REAL ESTATE
TRENDS FOR 2015 & 2016**

**RECENT DEVELOPMENTS IN THE TITLE INDUSTRY
INCLUDING WHAT YOU SHOULD KNOW ABOUT THE
TILA-RESPA INTEGRATED DISCLOSURE RULE ("TRID")
EFFECTIVE OCTOBER 3, 2015**

- ❖ **NAVIGATING RESIDENTIAL REAL ESTATE IN TODAY'S NEW
REGULATORY ENVIRONMENT AND HOW THAT AFFECTS
BORROWERS, LENDERS AND ALL OF US!**
- ❖ **COMMERCIAL REAL ESTATE TRENDS IN THE MARKETPLACE TODAY**
- ❖ **KEY DEVELOPMENTS IN THE TITLE INDUSTRY**

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Hayfields Country Club
November 19, 2015

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Commercial Real Estate Trend Presentation

David E. Patzer

November 19, 2015

- I. Summary of CRE Trends
 - A. National
 - B. Local
 - C. Projected availability of financing

- II. Highlights of noteworthy local projects
 - A. Port Covington (Sagamore Development)
 - B. Towson (various)
 - C. Sparrows Point (Hilco/Redwood Capital Investments)
 - D. 750 E. Pratt Street
 - E. Phillips Seafood facility (28 Walker Development)
 - F. Harbor Point (Beatty Development Group)
 - G. 300 E. Pratt Street (Comstock Partners)

- III. Specific Third Quarter 2015 CRE Info on Baltimore and Surrounding Counties

Commercial Real Estate Analysis

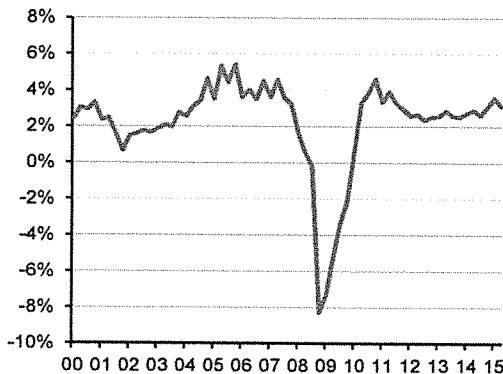
CRE Going Strong, at Least for the Time Being

Filip Blazheski

- Demand for apartment, CBD office, industrial and hotel real estate to continue growing in the coming years, but not in all regions, and somewhat more moderately
- Construction spending is solid and growing in most areas, which together with increasing interest rates should contain increases in valuations
- Retail is not as hot as other CRE categories and is likely to stay that way

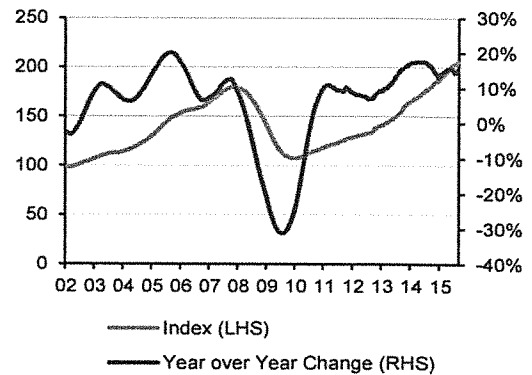
Commercial real estate (CRE) has enjoyed a good run in the last five years. Looking at the NCREIF¹ National Property Total Return Index, the sector is performing close to some of the best years before the recession (Chart 1). The national all-property Moody's/RCA Commercial Property Price Index (CPPI), which measures price (valuation) changes, reached a peak in July 2015 (Chart 2). This brief analyzes the developments in all sub-components of the sector since 2008, and presents an outlook for the short- and mid-term, based on the fundamentals of each of the CRE classes, and BBVA Research's baseline forecasts for moderate growth of the US economy.

Chart 1
NCREIF National Property Total Return Index, Percent



Source: NCREIF, Bloomberg and BBVA Research

Chart 2
Moody's/RCA Commercial Property Price Index, National All-Property, Level and YoY % change



Source: Moody's/RCA, Bloomberg and BBVA Research

We believe that the fundamentals for CRE remain generally solid. Although the low interest rate environment has driven valuations up, we have not seen large speculative investment as before the crisis. Our baseline macroeconomic forecast projects moderate growth in the next four years, implying moderation in CRE trends. Risk premiums in capitalization (cap) rates² are likely to be compressed after interest rates rise, but should recover in the long-term as long as the fundamentals remain solid.

¹ National Council of Real Estate Investment Fiduciaries

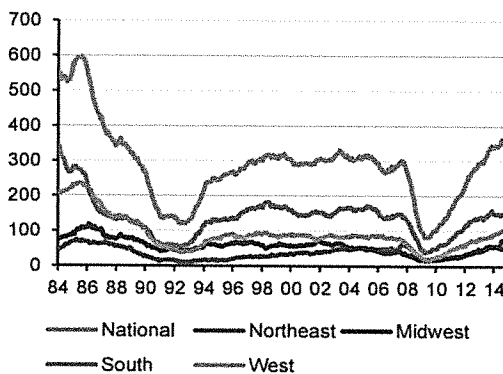
² Cap rate is defined as a ratio of annual net operating income from real estate property and its market value

Apartments

The demand for apartments has been particularly strong after the recession. Young people delayed purchasing single family homes due to reasons such as uncertain job prospects, increasing student debt balances, stricter mortgage lending criteria, and higher down payment requirements, while at the same time the demand from older Americans increased³. The strong demand for apartments has prompted a rebound in multi-family construction in all regions (Chart 3). Housing starts for five or more unit structures now surpass numbers from before the recession, but are still below what was seen in the early 70s and mid-80s. Given the increase in population, albeit slower than in the past, and the trend of seniors moving into apartments, construction is expected to continue growing.

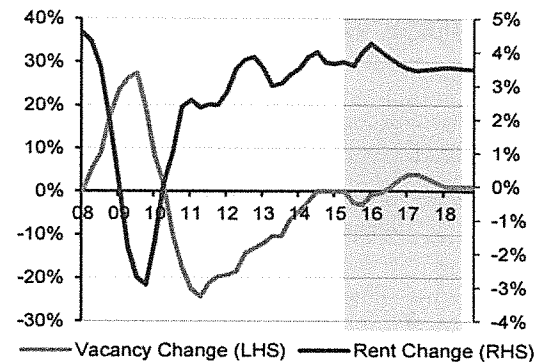
Apartment rents have been growing between 3% and 4% annually over the last three years (Chart 4). Metro areas that have done best in the first half of this year in terms of rent increases are Austin, Dallas, Denver, Oakland, Seattle, and San Francisco. All of these areas are experiencing strong economic growth and attracting new young residents, a prime renter demographic group, many working in high-tech industries. Rent increases have started to slow down in Boston because of increasing vacancies due to increased supply. In Detroit, despite low and further decreasing vacancy rates, rents have been slow to increase until the first half of the 2015, probably because of the slower increases in wages and salaries compared to other parts of the U.S.; however, rents have started growing more quickly in the second half of the year. With the new inventory coming on the market, we expect rents to continue growing, but somewhat more slowly, especially in places with less vibrant local economies or higher vacancy rates.

Chart 3
Housing Starts: 5 or More Units, Thousands of Units, 12-month Moving Average



Source: Census, Haver and BBVA Research

Chart 4
Apartments Effective Rent and Vacancy, Year-over-Year Change, Percent



Source: REIS, Bloomberg and BBVA Research

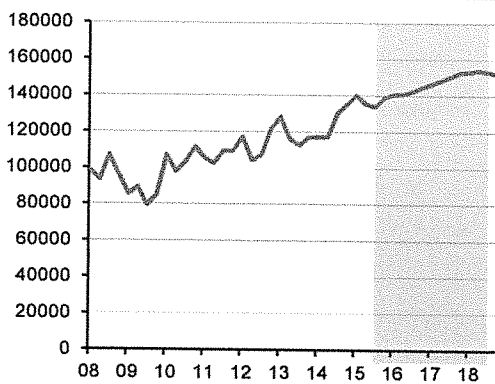
Apartment prices per unit (Chart 5) have been increasing consistently over the past years, but have started stagnating or coming down in some markets recently such as Washington, Houston, Los Angeles, St. Louis, and San Diego – a result either of an increased supply of new inventory, previous fast appreciation, or like in the case of Houston, decreased expectations for the performance of the local economy. At the same time, apartment prices have increased significantly in markets such as Boston, Detroit, San Bernardino/Riverside,

³ Jordan Rappaport. Millenials, Baby Boomers and Rebounding Multifamily Home Construction. <https://www.kansascityfed.org/~media/files/publicat/research/macrobuletins/mb15rappaport0623.pdf?la=en>

Manhattan, Miami, Minneapolis, Orlando, Philadelphia, Seattle, San Francisco, and Tampa, reflecting strong expectations for economic performance of these regions, low vacancy rates, and in some cases limited supply of new units. Going forward, apartment prices will continue growing, but at a slower pace, driven by the new inventory and increasing interest rates.

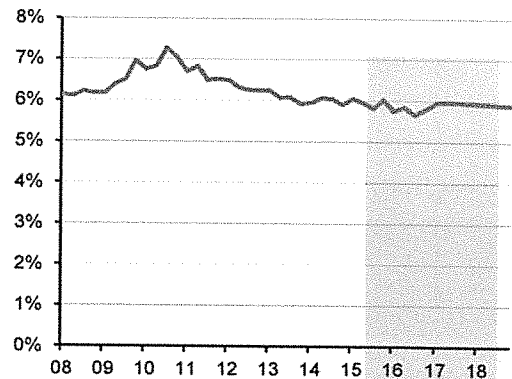
The good performance of the apartments sector after the recession provided a favorable spread between apartment cap rates and U.S. Treasury yields. We expect cap rates not to change much from their current levels in the next two to three years (Chart 6). Nevertheless, higher interest rates will likely compress the risk premiums.

Chart 5
Apartment Prices, Dollars per Unit



Source: RCA, Bloomberg and BBVA Research

Chart 6
Apartment Cap Rate, Percent



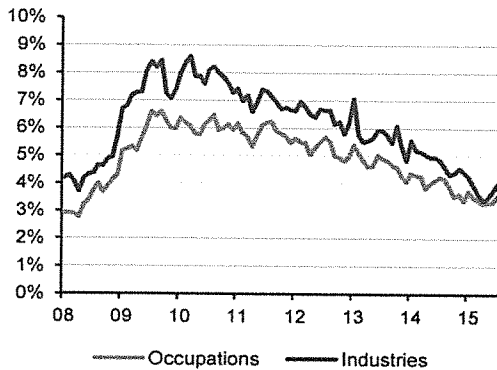
Source: RCA, Bloomberg and BBVA Research

Offices

The offices sector was particularly hit by the Great Recession. Vacancy rates increased dramatically, especially for suburban properties, and peaked in Q3 2010. Since then, office-using employment gradually increased (Chart 7). Also, the limited supply of new inventory, helped stabilize the sector. According to CoStar, "the level of national office construction has risen very slowly since hitting its long-term historical trough of less than 50 million square feet in late 2010, producing quarterly supply growth that was the moral equivalent of zero when factoring in demolitions of obsolete office space and other loss of inventory"⁴. Construction has increased since 2013 (Chart 8). Net absorptions have been roughly in line with office completions for some time, resulting in a slow decrease in overall vacancy (Chart 9). We expect vacancy rates to remain roughly unchanged in the next three years, but rent increases will slow down (Chart 10). However, as is the case of apartments, each market is likely going to follow a different path, with, for example, markets exposed to the oil industry performing worse (at least in the short term) than markets exposed to high-tech employment. Suburban offices will continue to underperform compared to central business district (CBD) offices.

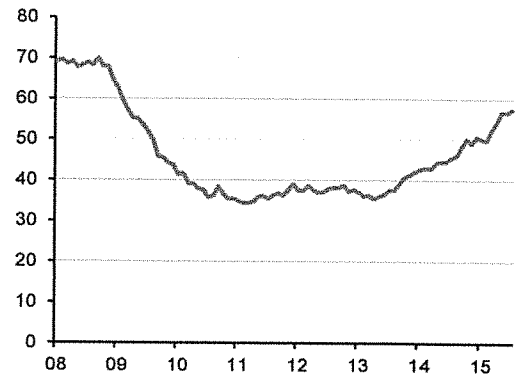
⁴ CoStar (2015). U.S. Office Construction Picking Up Momentum. 108 Million Square Feet Under Construction is Highest Total Since 2009.

Chart 7
Unemployment Rate, Office-using Occupations and Office-using Industries, Percent



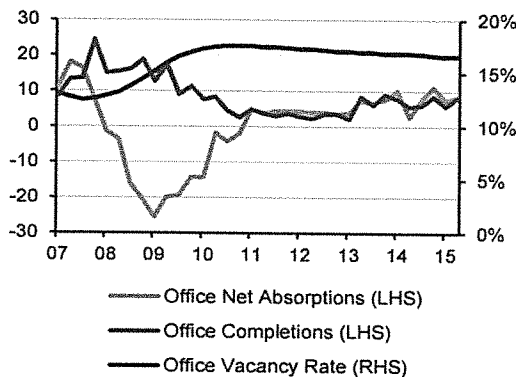
Source: Bloomberg and BBVA Research

Chart 8
Total Construction, Offices, Billion Dollars



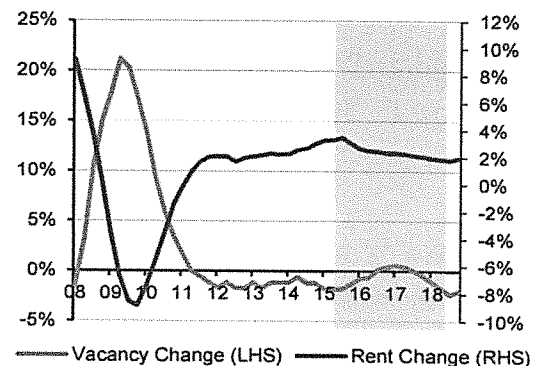
Source: Census, Haver and BBVA Research

Chart 9
Office Absorptions, Completions and Vacancy Rate, Million Square Feet and Percent



Source: REIS, Bloomberg and BBVA Research

Chart 10
Offices Effective Rent and Vacancy, Year-over-Year Change, Percent



Source: REIS, Bloomberg and BBVA Research

CBD office prices have been increasing faster than in suburban areas since 2009. Year-over-year increases, though, seem to have started slowing down - in February for suburban, and in July for CBDs. As deliveries of new office space increases in the coming years, following increases in total construction investment starting in the middle of 2013, and as opportunities to increase office-using employment approach their limit, the valuations will increase more slowly. Around the middle of 2017, valuations are expected to slow down further as they start being affected by increases in interest rates (Chart 11). In the long term, rents and valuations will also be affected by an increasing trend of telecommuting and hoteling, as well as higher office space density (office space per workstation).

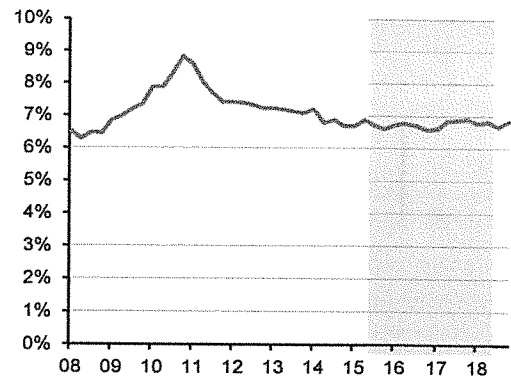
National average cap rates on offices have been providing a favorable risk premium for investors (Chart 12) since the end of the recession. We expect the cap rates not to change much in the next three years, but the risk premium will likely be squeezed as interest rates rise.

Chart 11
Office Prices, Dollars per Square Foot



Source: RCA, Bloomberg and BBVA Research

Chart 12
Offices Cap Rate, Percent



Source: RCA, Bloomberg and BBVA Research

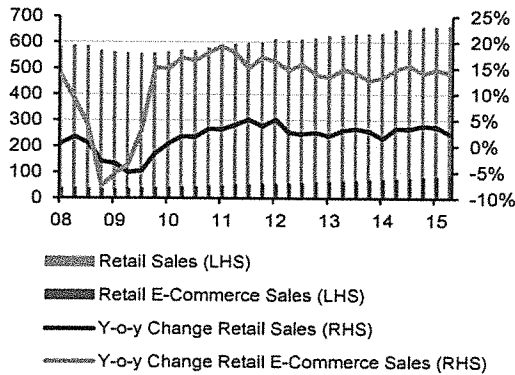
Retail

The Great Recession hit the retail sector strongly, with retail sales more than 10% lower in real terms in 2009 compared to 2007, and taking 5.5 years to recover. Also, there has been a growing reliance of consumers on e-commerce since the 1990s. The growth in nominal retail sales (excluding motor vehicles and parts dealers, gasoline stations, and nonstore retailers) has been around 3% since 2012, while e-commerce retail sales have been growing at close to 15% for some time (Chart 13). All this limited the demand for physical retail space, which resulted in a very sharp drop in construction spending, which is still nowhere close to pre-recession levels (Chart 14). Since 2011, the sector has stabilized somewhat, with net absorptions surpassing retail completions most of the time, and the vacancy rate going down slightly as a result (Chart 15).

Effective rents have been growing very slowly, between 0% and 2.2% in the last three years, with the fastest growth in the first half of this year. Rents in the first half of the year on a year-over-year basis have increased the most in Fort Lauderdale (likely driven by tourism), Los Angeles (driven by low vacancy amid a recovering local economy), and Fort Worth (likely driven by population growth). E-commerce is going to be a threat to the sector in the future, even though it is still small compared to total retail sales, and about half of the e-commerce sales going to retailers with physical stores⁵, resulting in stores not necessarily needing as much foot traffic as they used to in the past to succeed. We expect rent growth to be slow in the coming period (Chart 16).

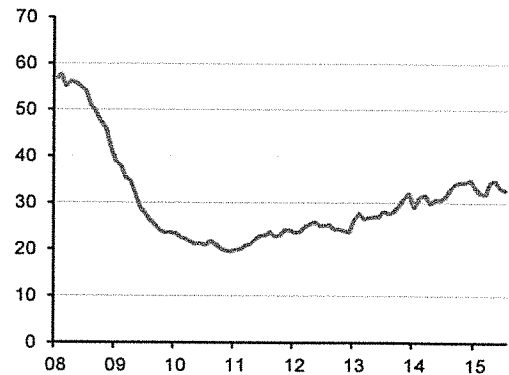
⁵ Rigby Darrel. E-Commerce is Not Eating Retail. Harvard Business Review. <https://hbr.org/2014/08/e-commerce-is-not-eating-retail/>

Chart 13
Retail Sales* and Retail E-Commerce Sales, Billion Dollars and Year-on-Year Change, Percent



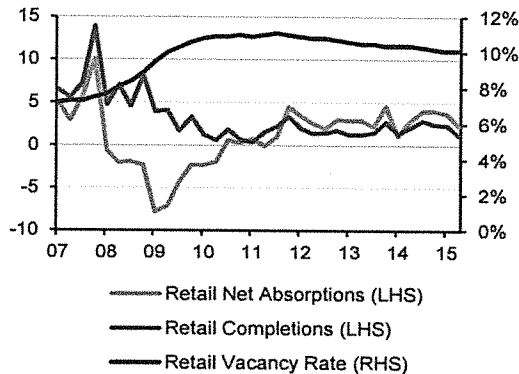
* Excluding Motor Vehicles and Parts Dealers, Gasoline Stations and Nonstore Retailers
Source: BEA, Census, Haver and BBVA Research

Chart 14
Private Construction Spending, Retail*, SAAR, Billion Dollars



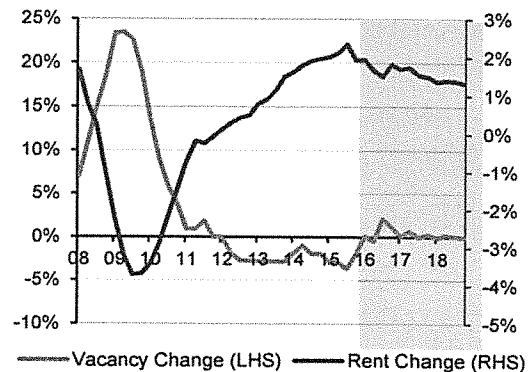
* Commercial Construction Spending, excluding Automotive and Warehouse
Source: Census and BBVA Research

Chart 15
Retail Absorptions, Completions and Vacancy Rate. Million Square Feet and Percent



Source: REIS, Bloomberg and BBVA Research

Chart 16
Retail Effective Rent and Vacancy, Year-over-Year Change, Percent

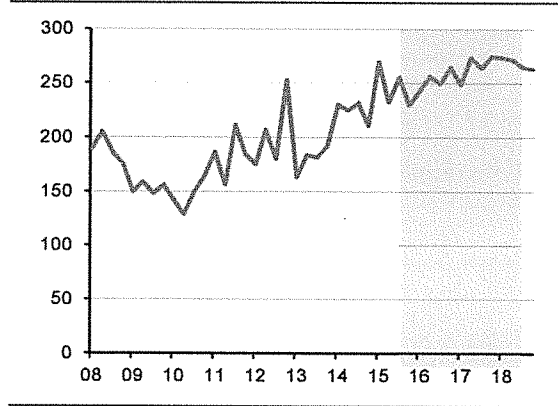


Source: REIS, Bloomberg and BBVA Research

Retail valuations are determined by rents, which are in turn determined by retail sales. As we expect retail sales to continue growing in the coming period, and as new construction has started to stagnate, property prices should continue their increasing trend (Chart 17), with some markets performing better than others. The price increases will slow down further around 2017 as a result of the anticipated increases in interest rates.

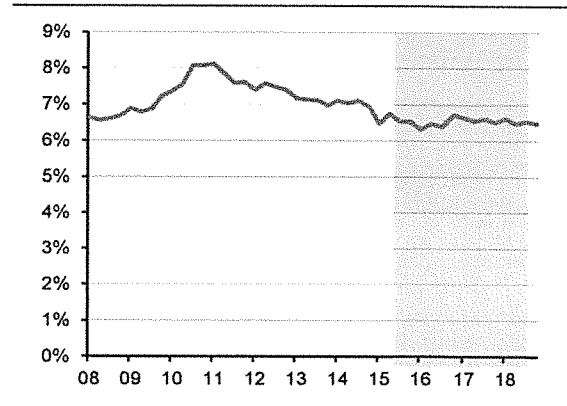
Cap rates for retail have provided a favorable spread over Treasury yields since the end of the recession in 2009, although cap rates have been lower than for offices since 2014. We expect cap rates for retail not to change much from their current level, which should result in a compressed risk premium when interest rates increase (Chart 18).

Chart 17
Retail Prices, Dollars per Square Foot



Source: RCA, Bloomberg and BBVA Research

Chart 18
Retail Cap Rate, Percent



Source: RCA, Bloomberg and BBVA Research

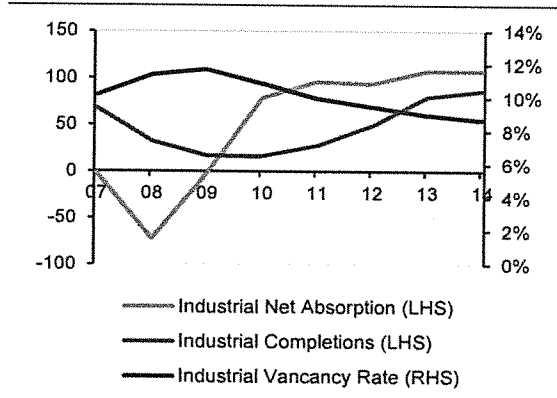
Industrial

Vacancy rates for industrial CRE recovered much faster after the crisis compared to the other types of CRE (Chart 19), because of the strong demand from the growing manufacturing and e-commerce sectors, although with variations from location to location. According to estimates by Cushman and Wakefield, vacancy is very low in the San Francisco peninsula area, Los Angeles and Denver, but is fairly high in Phoenix, Hartford and Boston, reflecting the local supply of industrial space and the performance of the local manufacturing and logistics sectors.

As a result of the low vacancy levels and the strong demand, construction increased dramatically. Private construction in manufacturing is a good proxy for construction spending on industrial CRE (Chart 20), and it shows a huge increase since April 2014. Construction spending on general commercial warehouses not located at manufacturing sites peaked in December 2014 (Chart 21) but still remains high.

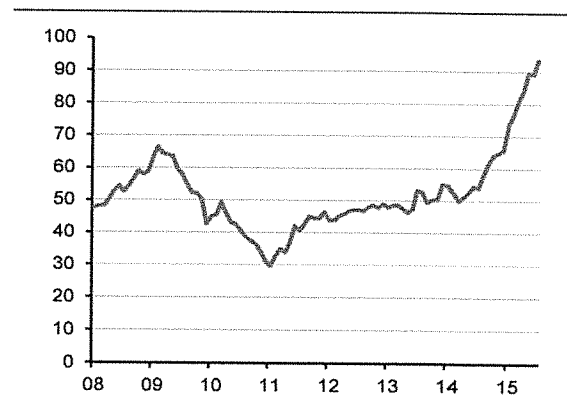
Despite the strong demand and limited supply, rents have not been fast to increase, and have grown by 2.1% in 2013 and 2.5% in 2014. In the absence of data for 2015, we can speculate that rents this year will have increased faster than in 2014. The continued growth of the national economy is going to contribute to resilience in industrial CRE, but there are risks from possible declines in demand for US products in the wake of the weaknesses in China and Europe, as well as the relative strength of the U.S. dollar. We predict that the increased supply of industrial space will stabilize the vacancy rates, resulting in a slowdown in rent increases in 2017 and 2018 (Chart 22).

Chart 19
Industrial Absorption, Completions and Vacancy Rate, Million Square Feet and Percent



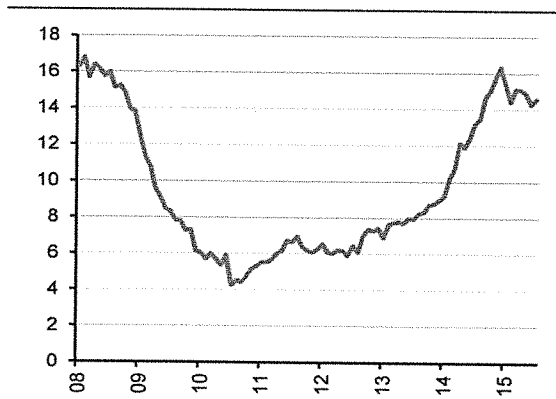
Source: REIS, Bloomberg and BBVA Research

Chart 20
Private Construction Spending, Manufacturing, Billion Dollars



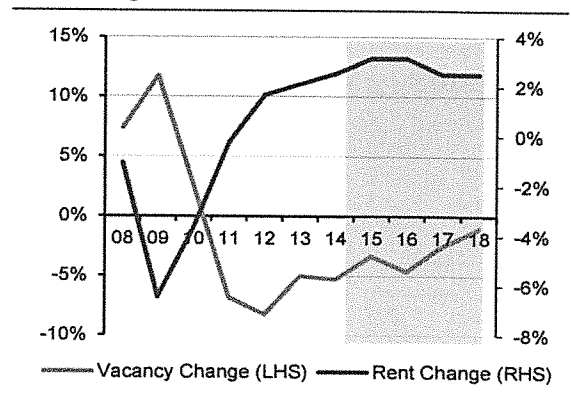
Source: Census, Haver and BBVA Research

Chart 21
Private Construction Spending, General Warehouses, Billion Dollars



Source: Census, Haver and BBVA Research

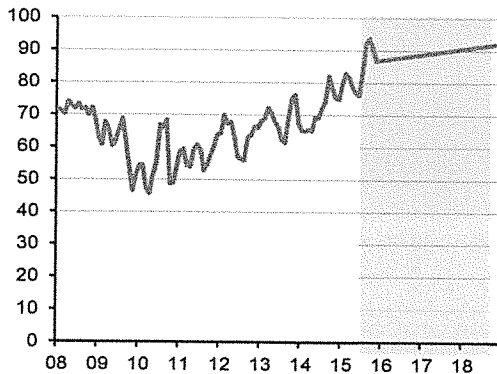
Chart 22
Industrial Effective Rent and Vacancy, Year-over-Year Change, Percent



Source: REIS, Bloomberg and BBVA Research

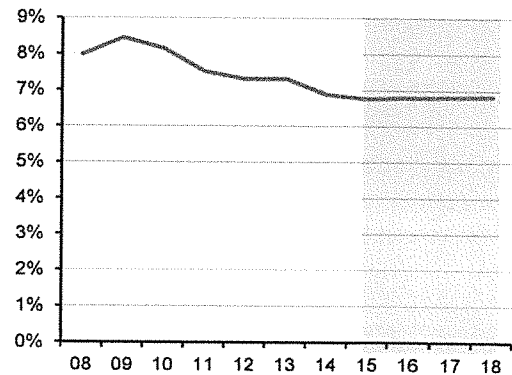
Valuations have increased by 6% CAGR since 2010 and are likely to slow down going forward as a result of the new inventory coming on the market, as well as the anticipated increase in interest rates (Chart 23). In the next three years, we expect the cap rates to remain roughly at the same level as they are today, but the anticipated increase in interest rates is likely going to result in a compressed risk premium (Chart 24).

Chart 23
Industrial Prices, Dollars per Square Foot



Source: RCA, Bloomberg and BBVA Research

Chart 24
Industrial Cap Rate, Percent



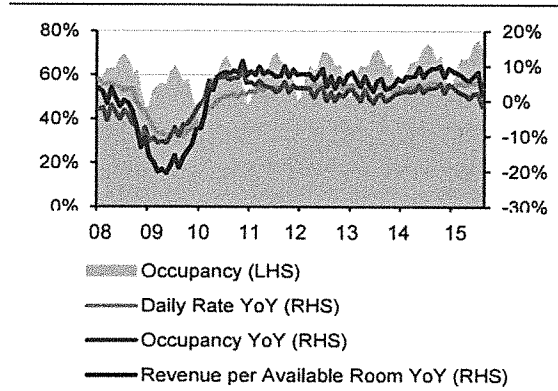
Source: RCA, Bloomberg and BBVA Research

Hotels

The fundamentals for the hotels sector remain solid, especially in terms of occupancy, but the upward trend of gains in occupancy, daily rates and revenue per available room, which has been pretty strong and started in 2013, slowed down in 2015 (Chart 25). The reasons are slowing of business travel from some developed countries, slowdown of domestic business travel in areas highly exposed to the oil and gas industry, and possibly the strength of the U.S. dollar. Furthermore, there has been increased construction spending in the lodging sector in the last few years (Chart 26), which has increased the supply of hotel rooms. The strength of the US dollar and weaknesses in Europe, China and Latin America are risks for the sector to watch in the coming years, together with oil and gas related business travel. Different locations will be affected differently by these risks. Cities like Houston will be more affected by the developments in business travel, while cities like Orlando will be more affected by the strength of the U.S. Dollar and the performance of the European and Latin American economies. In the mid- to long-run, the “sharing economy” and the ascent of platforms such as AirBnB is also a risk that should be monitored.

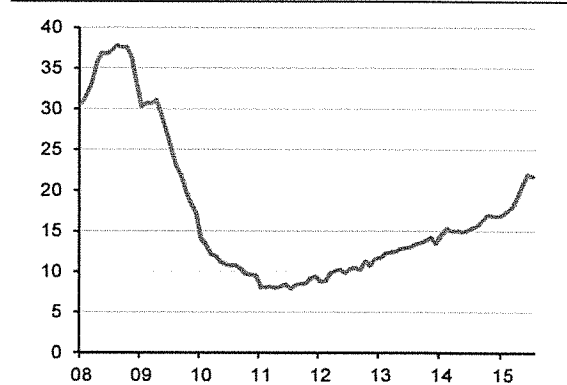
Construction since 2011 has been expanding, but at a more sustainable level than before the crisis, which contained the increases in valuations. We expect construction to continue, likely at a more moderate level. This, together with the anticipated interest rate increases should moderate the growth in valuations of hotel rooms (Chart 27), which will result in a cap rate that remains stable in the next three years, but with a compressed risk premium (Chart 28).

Chart 25
Occupancy and YoY Changes in Daily Rate, Occupancy and Revenue per Available Room, Percent



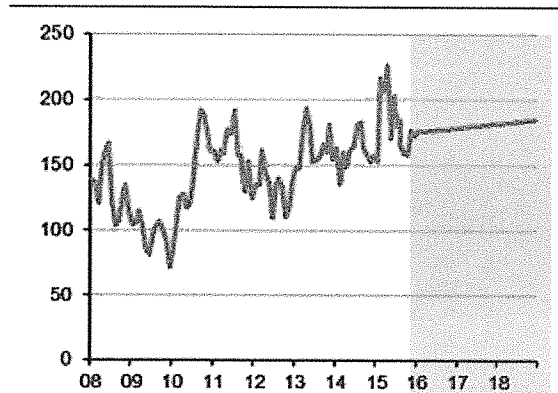
Source: Smith R Travel, Bloomberg and BBVA Research

Chart 26
Private Construction, Lodging, Billion Dollars



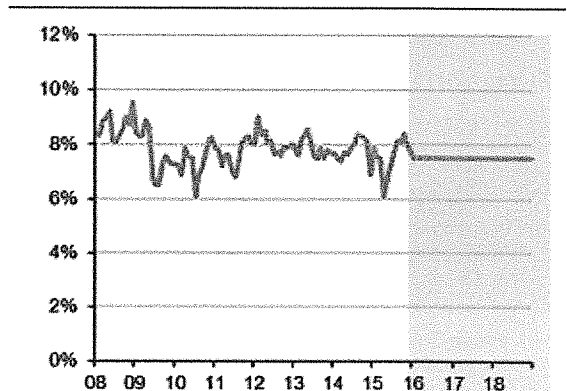
Source: Census, Haver and BBVA Research

Chart 27
Price Per Room, Thousand Dollars



Source: RCA, Bloomberg and BBVA Research

Chart 28
Hotel Cap Rate, Percent



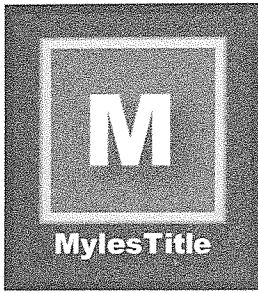
Source: RCA, Bloomberg and BBVA Research

Bottom Line

In sum, CRE is expected to perform well in the next three years, though not as well as in the last three years. CRE performed well as the economy expanded and the Federal Reserve kept interest rates low, but the downside risks have increased in the meantime due to the anticipated increase in interest rates, lack of more intensive economic growth, and increased supply. We expect rents for apartments to continue increasing because of the interest from retiring boomers, despite the increased supply. CBD offices are likely to outperform suburban offices, but in the long run telecommuting, hoteling and higher office space density will pose a risk. Retail is facing challenges from e-commerce, so rents have risen more slowly, a trend expected to continue. Industrial CRE will continue to perform well, but in an environment that is less predictable due to developments in the global economy, which is the case with hotels as well. Valuations in all segments have so far increased thanks to the low interest rate environment and high demand, but with the anticipated increases in interest rates and new supply coming on the market, valuation increases should start to slow down. Increased construction spending is already starting to contain the quick rise in valuations in some places. Cap rates will likely not change much, resulting in risk premiums that are compressed when interest rates rise.

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MylesTitle Advisory Council Breakfast & Seminar November 19, 2015

- I. Indemnity Deeds of Trust (IDOT's) Update
 - A. Meeting of Attorney's for the Clerks of Court
 - B. Sample Language for IDOT's
 - C. Sample Language for Guaranty of Property Owner(s)
 - D. Prince George's County

- II. Maryland Ground Rents
 - A. Registration of Ground Rents
 - B. Action for Possession
 - 1. Compliance with Notice and Procedural Requirements
 - 2. Reimbursement for costs and expenses; limits
 - 3. 6 month redemption period after Writ of Possession
 - C. Ground Rent Owner unknown
 - 1. Title Policy exception
 - 2. Affirmative insurance for Lenders
 - 3. Escrow Agreement
 - 4. Conversion to Fee Simple after 20 years / Insurable case by case
 - D. Settlement Agent's Mandatory Notifications to Borrowers

- III. Maryland Trust Act
 - A. Purpose
 - B. Certifications of Trust
 - 1. Sample Certification of Trust – Single Trustee
 - 2. Sample Certification of Trust – Multiple Trustees
 - 3. Exceptions
 - C. Claims of Creditors
 - 1. "Self-settled" Trusts
 - 2. Judgments against Non-Settlor Beneficiaries
 - 3. Non-judgment Claims
 - D. Personal Obligations of Trustee
 - E. Transfer to Trust of Property held as Tenants by the Entireties

- IV. TILA-RESPA Integrated Disclosure Rule (TRID)
 - A. Background and Applicability
 - 1. Dodd-Frank Wall Street Reform and Consumer Protection Act directs the Consumer Financial Protection Bureau (CFPB) to integrate mortgage loan disclosures under TILA and RESPA
 - a. Value to consumers
 - b. CFPB decides October 3 is practically feasible
 - i. Challenges for loan and title industry training

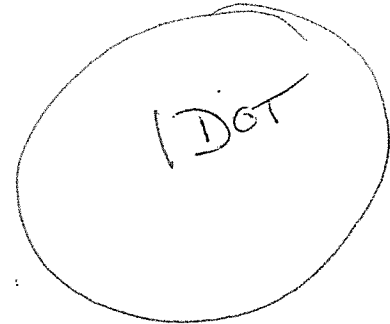
- ii. Challenges in computer and software integration
 - c. CFPB Compliance Guide
 - 2. Integrates TILA and RESPA
 - a. Good Faith Estimate (GFE) and initial Truth-in-Lending Disclosure (initial TIL) combined into a new form, the Loan Estimate (LE)
 - b. Settlement Statement (HUD-1) and final Truth-in-Lending Disclosure (final TIL) combined into a new form, the Closing Disclosure (CD)
 - 3. Closed end consumer credit transactions secured by real property
- B. Exceptions
- 1. HELOC's
 - 2. Reverse Mortgages
 - 3. Chattel Dwelling loans (mobile homes)
 - 4. Does not apply to loans made by a person or entity not considered a creditor
 - a. Definition of creditor
 - b. But see Maryland Consumer Loan Law – Licensing provisions
- C. Loan Estimate (LE)
- 1. Written disclosure within 3 business days of Loan Application
 - a. Application = receipt of 6 pieces of information: consumer name, consumer income, social security number (for credit report), address of property, estimate of value of property and loan amount sought
 - b. No Sundays or Federal holidays
 - 2. Example of Title fees
 - 3. Example of Lender requirements
 - 4. Calculating Title insurance
 - 5. Standard Policy vs. Enhanced Policy
 - 6. Charges subject to 10% cumulative tolerance
 - 7. Charges subject to Zero tolerance
 - 8. Completed LE Form Example
 - 9. Rules for Revisions and Corrections to LE's
- D. Closing Disclosure (CD)
- 1. Creditor required to provide to consumer no later than 3 business days before consummation of the loan and Settlement Agent required to provide to Seller no later than the day of consummation
 - a. Consummation is the point in time when consumer becomes contractually obligated to the creditor on the loan
 - b. Redislosure (revised CD)
 - i. Required for changes in APR, loan product or prepayment penalty added, new 3 day wait period
 - ii. Required for all other changes, no 3 day wait period
 - iii. For changes during the 30 day period after consummation, required by Creditor for changes to amount paid by consumer and required by Settlement Agent for changes to amount paid by Seller delivered or placed in mail within 30 days
 - iv. Required for clerical errors (non-monetary)
 - v. Required for fees that exceed 10% cure tolerance and Creditor must refund and provide w/in 60 days of consummation
 - 2. Page 1 of CD: General info, loan terms, projected payments, and costs at closing
 - 3. Page 2 of CD: Loan costs and other costs
 - 4. Page 3 of CD: Calculating cash to close, summaries of transactions, and alternatives for transactions without a seller
 - 5. Page 4: Additional info about loan
 - 6. Page 5: Loan calculations, other disclosures and contact info
 - 7. Forms of CD's, ALTA Settlement Statement and Use of Prior version of HUD-1

Sample language in IDOT

~~LIBER 17490 PAGE 254~~

12.5(B) Nature of the Guaranty.

The Grantor is not primarily liable for the payment of the Indebtedness and Grantor's obligation to pay any of the Indebtedness is contingent and shall not be deemed to have been incurred until the occurrence of an Event of Default under the Note or the Security Documents. Thereafter, the obligations and liabilities of the Grantor under the Guaranty shall be primary, direct and immediate and shall not be conditional or contingent upon pursuit or enforcement by the Beneficiary of any remedies it may have against the Borrower with respect to the Note or the Security Documents, whether pursuant to the terms thereof or by operation of law. Without limiting the generality of the foregoing, the Beneficiary shall not be required to make any demand upon the Borrower, or otherwise pursue, enforce or exhaust its remedies against the Borrower either before concurrently with or after pursuing or enforcing its right and remedies under the Guaranty. Any one or more successive or concurrent actions or proceedings may be brought against the Grantor under the Guaranty, either in the same action, if any, brought against the Borrower or in separate actions or proceedings, as often as the Beneficiary may deem expedient or advisable.

A hand-drawn circle containing the letters 'IDOT' written in a simple, slightly slanted font.

IDOT's: Sample language in Guaranty of Property Owner

~~The obligations and liabilities of the Guarantor under this Guaranty Agreement shall be unconditional, irrespective of the genuineness, validity, priority, regularity or enforceability of the Note or the Security Documents or any other circumstances, including, without limitation, bankruptcy or other debtor relief proceedings which might otherwise constitute a legal or equitable discharge and/or limitation of liability of the Borrower or of a surety or guarantor.~~

2.2 Guaranty.

The Guarantor is not primarily liable for the payment of the Indebtedness and Guarantor's obligation to pay any of the Indebtedness is contingent and shall not be deemed to have been incurred until the occurrence of an Event of Default under the Note or the Security Documents (as defined therein). Thereafter, the obligations and liabilities of the Guarantor under this Guaranty Agreement shall be primary, direct and immediate and shall not be conditional or contingent upon pursuit or enforcement by the Beneficiary of any remedies it may have against the Borrower with respect to the Note or the Security Documents, whether pursuant to the terms thereof or by operation of law. Without limiting the generality of the foregoing, the Beneficiary shall not be required to make any demand upon the Borrower, or otherwise pursue, enforce or exhaust its remedies against the Borrower either before concurrently with or after pursuing or enforcing its right and remedies hereunder. Any one or more successive or concurrent actions or proceedings may be brought against the Guarantor under this Guaranty Agreement, either in the same action, if any, brought against the Borrower or in separate actions or proceedings, as often as the Beneficiary may deem expedient or advisable.

~~2.3 Certain Waivers by Guarantor.~~

~~The Guarantor hereby expressly waives (a) presentment and demand for payment of the Indebtedness and protest of nonpayment; and (b) notice of acceptance of this Guaranty Agreement and of presentment, demand and protest; and (c) notice of any default hereunder or under the Note or the Security Documents and notice of all indulgences; and (d) demand for observance, performance or enforcement of any of the terms or provisions of this Guaranty Agreement or the Note or the Security Documents; and (e) any right or claim of right to cause a marshaling of the assets of the Borrower; and (f) all other notices and demands otherwise required by law which the Guarantor may lawfully waive; and (g) any defense based upon the incapacity of the Guarantor; and (h) any defense based upon any election of remedies by the Beneficiary which impairs any subrogation rights of the Guarantor; and (i) any duty of the Borrower. The Guarantor hereby (a) covenants and agrees not to elect a trial by jury of any issue triable of right by a jury, and (b) waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist. This waiver of the right to trial by jury is separately given, knowingly and voluntarily, by the Guarantor, and this waiver is intended to encompass individually each instance and each issue as to which the right to a jury trial would otherwise accrue. The Beneficiary is hereby authorized and requested to submit this agreement to any court having jurisdiction over the subject matter and the parties hereto, so as to serve as conclusive evidence of Guarantor's waiver of the right to jury trial. Further, the Guarantor hereby certifies that no representative or agent of the Beneficiary (including the Beneficiary's counsel) has represented, expressly or otherwise, to the Guarantor that the Beneficiary will not seek to enforce this waiver of right to jury trial provision.~~

GUARANTY

Maryland Ground Rents

MD Code, Real Property, § 8-701 *et seq.* and § 8-801 *et seq.*

Effective July 1, 2015

Background: radical changes to Maryland's ground rent laws in 2007.

- Registration of ground rents required – failure to register = loss of your ground rent.
- Right to 'eject' replaced by ability to obtain and foreclose on a 'ground rent lien.'
- Two separate Maryland Court of Appeal cases determined that those provisions violated Maryland's Declaration of Rights.
- 2015 – the Maryland Legislature finally passed legislation to eliminate those provisions and make the law more as it stood prior to 2007.

Maryland Ground Rents

MD Code, Real Property, § 8-701 et seq. and § 8-801 et seq.

Effective July 1, 2015

A. Actions for reentry (a/k/a ejectment) now called an action for possession. An action for reentry will extinguish the leasehold title and any and all mortgages or deeds of trust against the leasehold title.

The ground rent owner (called the “ground lease holder”) may bring an action for possession only if:

1. The ground lease holder has the lawful right to claim possession for nonpayment;
2. The ground lease is registered;
3. The payment of ground rent is at least six months delinquent; and
4. The ground lease holder complies with notice and other procedural requirements as specified.

Maryland Ground Rents

MD Code, Real Property, § 8-701 et seq. and § 8-801 et seq.

Effective July 1, 2015

Within 6 months after execution of a writ of possession in favor of the ground lease holder, the leasehold tenant or lender, may:

- a. pay the past due ground rent and any authorized late fees, interest, collection costs and expenses; and,
- b. commence a proceeding to obtain relief from the writ.

Thus, even following entry of a judgment for possession, the title can be saved by paying the past due ground rent and allowed expenses and by filing an action for relief in circuit court.

8-807. Action for Possession

8-807(k) Reimbursement – Late Fees, interest, collection of specified costs, and expenses – If a ground lease holder receives and executes a writ of possession, and if authorized under the ground lease, the ground lease holder may be reimbursed for reasonable late fees, interest, collection costs, and expenses specified in subsection (c)(3), (d)(3), or (f)(3) of this section.

8-807(c)(3) Payment after First Notice Sent - Reasonable late fees, interest, collection costs and expenses not exceeding \$100.00.

8-807(d)(3) Payment after Second Notice Sent - Reasonable late fees, interest, collection costs and expenses not exceeding \$650.00, including: (i) Title abstract and examination fees; (ii) Judgment report costs; (iii) Photocopying and postage fees; and (iv) Attorney's fees.

8-807(f)(3) Payment after Action for Possession - Reasonable late fees, interest, collection costs and expenses, including: (i) Filing fees and court costs; (ii) Expenses incurred in the service of process or otherwise providing notice; (iii) Reasonable attorney's fees not exceeding \$500; and (iv) Taxes, including interest and penalties, that have been paid by the ground lease holder or plaintiff.

Maryland Ground Rents

MD Code, Real Property, § 8-701 et seq. and § 8-801 et seq.

Effective July 1, 2015

Lender's coverage: Lease dated _____ and recorded among the Land Records of _____ County, Maryland, in Liber _____, folio _____, including the right to collect the ground rent of \$ _____ payable in one-half yearly installments on the _____ days of _____ and _____.

This Policy insures the Insured Lender that the ground rent covering installments for the three-year period immediately preceding the Date of Policy, have been paid or collected as of Date of Policy.

Maryland Ground Rents

MD Code, Real Property, § 8-701 et seq. and § 8-801 et seq.

Effective July 1, 2015

Note Consumer Notification: Section 8-812 (except for transactions involving commercial loans, loans secured by an indemnity deed of trust and home equity lines of credit) before settling a residential loan on property subject to a redeemable ground rent, the settlement agent shall notify the borrower that the borrower has the right to redeem the ground rent, that the redemption amount is fixed by law but may also be negotiated for a different amount, that for information on redeeming the borrower should contact the ground lease holder, that it may be possible to include the amount of the redemption in the loan, and that the borrower should contact the lender making the loan for information on such.

Prior to the implementation of the Maryland Trust Act, Maryland had no statute that allowed a person to rely on a “certification of trust” executed by a trustee to determine whether such trustee had the power to enter into the real estate transaction. As such, it was necessary for the title agent to review the trust agreement and later amendments to determine, among other things, whether the trust was still operative, whether the trustee was presently required to distribute the property at issue to any particular party, whether consent of a beneficiary or any other party was required as a condition to exercising trustee power and the identity of any successor trustee if the trustee had died or resigned.

Maryland Trust Act

MD Code, Estates and Trusts, § 14.5-101 *et seq.*

- Radical changes to the laws relating to trusts, effective January 1, 2015.
- Changes to how we review trusts – reliance on “certifications of trust.”
- §14.5–910 of the Act: with some exceptions, a trustee may now decline to share the trust document with any person other than a beneficiary. In lieu of providing a copy of the entire trust, a trustee may provide a “certification of trust” meeting certain statutory requirements.
- But “(w)hile acting reasonably under the circumstances, a person that enters into a transaction in reliance on a certification of trust may enforce the transaction against the trust property as if the representations contained in the certification were correct.”

Maryland Trust Act

MD Code, Estates and Trusts, § 14.5-101 et seq.

Exceptions:

- Can require the trustee to “furnish copies of those excerpts from the trust which designate the trustee and confer on the trustee the power to act in the pending transaction.”
- A title insurance producer or title insurer may obtain a copy of the trust instrument for the sole purpose of determining whether the settlor's interest in real property may be subject to creditors' claims.

A. “Certification of Trust” must include the following:

- (1) That the trust exists and the date the trust instrument was executed;
- (2) The identity of the settlor;
- (3) The identity and address of the currently acting trustee;

§ 14.5-910. Certification of trust.

(e) Recipient may require copies of excerpts from original instrument. -- A recipient of a certification of trust may require the trustee to furnish copies of those excerpts from the original trust instrument and later amendments which designate the trustee and confer on the trustee the power to act in the pending transaction.

(h) Right to obtain copy of trust instrument. -- This section does not limit:

(2) The right of a title insurance producer or title insurer to obtain a copy of the trust instrument for the sole purpose of determining whether the settlor's interest in real property may be subject to creditors' claims, when the trustee is selling, encumbering, or disposing of the real property and title insurance has been requested for the transaction.

Maryland Trust Act

MD Code, Estates and Trusts, § 14.5-101 et seq.

- (4) The powers of the trustee in the pending transaction;
- (5) The revocability or irrevocability of the trust and the identity of a person holding a power to revoke the trust;
- (6) The authority of co-trustees to sign or otherwise authenticate and whether the authentication of all or fewer than all of the co-trustees is required in order to exercise powers of the trustee;
- (7) The taxpayer identification number of the trust, unless the taxpayer identification number is also the Social Security number of a settlor; and
- (8) The manner and name in which title to trust property may be taken.

The certification of trust must also provide that “the trust has not been revoked, modified, or amended in a manner that would cause the representations contained in the certification of trust to be incorrect.”

**MARYLAND TRUST ACT – CERTIFICATION OF TRUST
SINGLE TRUSTEE**

Maryland Code, Estates & Trusts Article §14.5-910

THIS CERTIFICATION OF TRUST is made this ___ day of _____, 20___, by _____, Trustee (“Trustee”) under the _____ [identify trust agreement by name and date] (the “Trust”), hereby represents, affirms and certifies that:

1. The Trust is in existence and the instrument creating the Trust was executed on _____ [and subsequently amended on _____; (State “N/A” if there have been no subsequent amendments or revisions)], said Trust and any amendments being herein collectively referred to as the “Trust”;

2. _____ was the settlor of the Trust and _____ with an address of _____ is the current acting Trustee of the Trust;

3. The terms of the Trust grant the Trustee the power and authority to sell, purchase, encumber and/or convey title to all real property held in the Trust and/or, specifically, the property commonly known as _____, Maryland (the “Property”), and to execute and deliver deeds, deeds of trust, notes, settlement instruments, and all other documents necessary or required to effectuate such transactions, and all consent, direction, or approval necessary, if any, to take such actions and to convey title free of claims of creditors, has been given to or obtained by the Trustee;

4. The Trust’s taxpayer identification number is _____ [Or “the same as the settlor’s social security number”].

5. Title to property of the Trust is to be taken as follows (if applicable):

6. The Trust is revocable and _____ are the only persons who have the power to revoke the Trust; [Or “The Trust is irrevocable.”]

7. The Trust has not been revoked, modified, or amended in any manner that would make the representations contained herein untrue.

8. This Certification of Trust is given pursuant to Title 14.5 of the Maryland Estates and Trusts Article known as the Maryland Trust Act, as amended, and the undersigned understands that [insert title insurance company name], [name of title agent] and [purchaser's name and lender's name] will rely in good faith on this certification in order to insure title to the Property, close the transaction contemplated hereby, purchase the Property and/or make a loan secured by the Property.

WITNESS the following signatures and seals.

_____(SEAL)
_____[print name] Trustee of the _____[name of the Trust]

STATE OF _____
COUNTY/CITY OF _____, to wit:

The foregoing Certification of Trust was acknowledged before me this __ day of _____, 20__, by _____ and _____, Trustees of the _____ [name of the Trust].

Notary Public

My commission expires: _____

**MARYLAND TRUST ACT – CERTIFICATION OF TRUST
MULTIPLE TRUSTEES**

Maryland Code, Estates & Trusts Article §14.5-910

THIS CERTIFICATION OF TRUST is made this ___ day of _____, 20___, by _____ and _____, Trustees (“Trustees”) under the _____ [identify trust agreement by name and date] (the “Trust”), hereby represent, affirm and certify that:

1. The Trust is in existence and the instrument creating the Trust was executed on _____ [and subsequently amended on _____; (State “N/A” if there have been no subsequent amendments or revisions)], said Trust and any amendments being herein collectively referred to as the “Trust”;

2. _____ was the settlor of the Trust and _____ and _____ with _____ an _____ address _____ of _____ are the current acting Trustees of the Trust;

3. The Trust provides that either of the Trustees may act alone and that any action by one Trustee acting alone will be effective as if all Trustees acted. [Or state “N/A” if not applicable: _____];

4. The terms of the Trust grant the Trustees the power and authority to sell, purchase, encumber and/or convey title to all real property held in the Trust and/or, specifically, the property commonly known as _____, Maryland (the “Property”), and to execute and deliver deeds, deeds of trust, notes, settlement instruments, and all other documents necessary or required to effectuate such transactions, and all consent, direction, or approval necessary, if any, to take such actions and to convey title free of claims of creditors, has been given to or obtained by the Trustees;

5. The Trust’s taxpayer identification number is _____ [Or “the same as the settlor’s social security number”].

6. Title to property of the Trust is to be taken as follows (if applicable):

7. The Trust is revocable and _____ are the only persons who have the power to revoke the Trust; [Or “The Trust is irrevocable.”]

8. The Trust has not been revoked, modified, or amended in any manner that would make the representations contained herein untrue.

9. This Certification of Trust is given pursuant to Title 14.5 of the Maryland Estates and Trusts Article known as the Maryland Trust Act, as amended, and the undersigned understand that [insert title insurance company name], [name of title agent] and [purchaser’s name and lender’s name] will rely in

good faith on this certification in order to insure title to the Property, close the transaction contemplated hereby, purchase the Property and/or make a loan secured by the Property.

WITNESS the following signatures and seals.

_____(SEAL)
_____ [print name] Trustee of the _____ [name of the Trust]

_____(SEAL)
_____ [print name] Trustee of the _____ [name of the Trust]

STATE OF _____
COUNTY/CITY OF _____, to wit:

The foregoing Certification of Trust was acknowledged before me this ___ day of _____, 20___, by _____ and _____, Trustees of the _____ [name of the Trust].

Notary Public

My commission expires: _____

Maryland Trust Act

MD Code, Estates and Trusts, § 14.5-101 et seq.

- B. When may trust property be subject to a judgment/claim?
- Self-settled Trusts - Judgments and liens entered against the settlor, prior to the conveyance into the trust, naturally will attach; a judgment or lien entered following the conveyance of title into the trust, may attach to the property if the settlor is also the beneficiary of the trust - a very common situation.
 - Judgments against non-settlor beneficiaries: creditor must use the Courts; search judgments/cases against the trustee, settlor, and the name of the trust, if substantially different than the name of the settlor or trustee
 - Non-judgment claims: Following the death of the settlor, property of a revocable trust can be subjected to claims of the creditors of the settlor, similar to an estate. But, a claim that is not secured by a judgment or other lien will not attach to property conveyed by a trustee to a *bona fide* purchaser.

“Self-settled” trusts provide no protection for settlor/beneficiary. A deed from X, to X as trustee, usually puts the title insurer on notice of the *strong possibility* that the settlor created or retained a beneficial interest in the property that may be subject to the lien of a judgment. The Act allows the title insurer to inquire further and obtain the trust document and later amendments to determine whether such is the case. If the title insurer determines that the **settlor has a beneficial interest in the real property (such as the right to occupy the property or receive income or proceeds from the property for life, or otherwise), the title insurer would require that the judgment or lien be satisfied and released** by payment or otherwise.

Following the death of the settlor, property of a trust that was revocable at the death of the settlor can be subjected to claims of the creditors of the settlor. §14.5-508(b) of the Act provides a claim filing mechanism similar to that applicable to estates. As in the case of claims filed in an estate, the trustee is required to administer claims and allow or disallow the claim within certain time periods. A claimant that believes its claim has been wrongfully disallowed may file an action against the trustee for payment or against trust distributees for return of the trust property. But, **a claim that is not secured by a judgment or other lien will not attach to property conveyed by a trustee to a *bona fide* purchaser.**

Maryland Trust Act

MD Code, Estates and Trusts, § 14.5-101 et seq.

- C. Personal Obligations of Trustee. [Section §14.5-510]
- A judgment relating to Trustee's personal debts/obligations would not attach to trust property.
 - Creditor may not attach a beneficiary's interest in trust property solely because the beneficiary happens to be serving as sole trustee.
- D. Transfer to Trust of Property Held by Tenants by the Entirety. [Section 14.5-511]
- Property held as tenants by the entirety and later conveyed into trust retains T/E protection as long as: (1) the spouses remain married, (2) the property continues to remain in trust, (3) both husband and wife are beneficiaries of the trust, and (4) the trust, or conveyance into the trust, provides that Section 14.5-510 applies.

14.5-511 Immunity of marital trust property from claims of separate creditors of husband or wife. In case of death, Section 14.5-511(c) also provides that, to the extent the surviving spouse remains a beneficiary of the trust, the property that was immune from the claims of the separate creditors of the decedent shall remain immune from claims of the separate creditors of the surviving spouse.

Maryland Trust Act

MD Code, Estates and Trusts, § 14.5-101 et seq.

- E. Delegation of authority by Trustee. [Section 14.5–807]
- Unless expressly or impliedly prohibited or limited in the Trust document, a trustee may now delegate power to another fiduciary.
 - Can now accept a power of attorney executed by a trustee *in that capacity* which expressly authorizes another to act pursuant to the particular trust document.
 - Can't accept a general power of attorney executed by the trustee in the trustee's individual capacity.

F. Suggested Approach:

1. Require a current properly executed Certification of Trust in all cases.
2. Rely on same when the trustee(s) is/are consistent with the record title (i.e. the trustees are still the same as set forth in the vesting deed).
3. If current trustee is not the vested trustee, request a copy of the Trust and all amendments thereto.
4. Search for cases, judgments and liens against the trustee(s) and settlor(s) as well as the name the trust if it is substantially different than the either the name of the trustee(s) or settlor(s).

MylesTitle searches for cases, judgments and liens against the trustee(s), settlor(s) and the name of the trust, if substantially different than the name of the trustee(s) or settlor(s). If such search indicates litigation involving the trust or an effort by a creditor to attach or obtain a lien against a beneficiary's interest in the real property, all court pleadings are reviewed. If the title search indicates a judgment or lien against a settlor in a potential "self-settled" trust, the trust agreement would have to be reviewed to determine whether the settlor is also named as a beneficiary, the type of interest held in the property by such beneficiary and whether tenancy by the entireties protection may apply. (And, irrespective of the identity of the beneficiaries of a trust, conveyances that appear to have been made in order to place title out of the hands of a debtor so as to frustrate or avoid the actions of a creditor are potentially voidable are scrutinized.)

LexisNexis

Custom Solution

Md. ESTATES AND TRUSTS Code Ann. § 14.5-807

Annotated Code of Maryland
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*** Statutes current through 2015 legislation ***

ESTATES AND TRUSTS
TITLE 14.5. MARYLAND TRUST ACT.
SUBTITLE 8. DUTIES AND POWERS OF TRUSTEE.

Md. ESTATES AND TRUSTS Code Ann. § 14.5-807 (2015)

§ 14.5-807. Delegation of duties and powers.

(a) In general. --

(1) A trustee may delegate duties and powers that a prudent trustee of comparable skills could properly delegate under the circumstances to an agent, even if the agent is associated with the trustee.

(2) A trustee shall exercise reasonable care, skill, and caution in:

(i) Selecting an agent;

(ii) Establishing the scope and terms of the delegation, consistent with the purposes and terms of the trust; and

(iii) Periodically reviewing the actions of the agent in order to monitor the performance of the agent and compliance with the terms of the delegation by the agent.

(b) Duty of agent. -- In performing a delegated function, an agent owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation.

(c) Agent submits to jurisdiction of State. -- By accepting a delegation of powers or duties from the trustee of a trust that is subject to the laws of this State, an agent submits to the jurisdiction of the courts of this State.

(d) Exclusion. -- This section does not apply to a delegation of investment duties or powers in accordance with § 15-114 of this article.

HISTORY: 2014, ch. 585.

Schedule B1 title commitment requirement for transactions of property located in Maryland involving title vested in the trustee or trustees of a trust:

Execution of a current certification of trust in compliance with MD Code, Estates and Trusts, § 14.5-910. If title to the Land is not vested in the current trustee of the _____ [Trust], the Company must be provided with a true and complete copy of the _____ [Trust] and later amendments or relevant excerpts from the original trust instrument and later amendments which designate the trustee and confer on the trustee the power to act in the pending transaction. If the title search reveals potential cases, judgments or liens affecting a beneficiary's interest in the Land, the Company must be provided with a true and complete copy of the _____ [Trust] and later amendments. If a trustee has purportedly delegated the trustee's authority to execute title documents to another person, the Company must be provided with an original, recordable, power of attorney executed by the trustee in that capacity, relating to the specific trust, as well as the trust document and later amendments, or relevant excerpts from the original trust instrument and later amendments, which designate the trustee and confer on the trustee the power to delegate and/or which do not preclude delegation in the particular transaction. Upon receipt and review of the foregoing documents and information, this Commitment may be revised to set forth additional requirements deemed necessary by the Company.

Rules and Regulations

Federal Register

Vol. 80, No. 142

Friday, July 24, 2015

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

BUREAU OF CONSUMER FINANCIAL PROTECTION

12 CFR Parts 1024 and 1026

[Docket No. CFPB-2015-0029]

RIN 3170-AA48

2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) and Amendments; Delay of Effective Date

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Final rule; official interpretations; delay of effective date.

SUMMARY: The Consumer Financial Protection Bureau is delaying until October 3, 2015, the effective date of the TILA-RESPA Final Rule and the related TILA-RESPA Amendments. In light of certain procedural requirements under the Congressional Review Act (CRA), the TILA-RESPA Final Rule and the TILA-RESPA Amendments cannot take effect on August 1, 2015, as originally provided by those rules. To comply with the CRA and to help ensure the smooth implementation of the TILA-RESPA Final Rule, the Bureau is extending the effective date of both the TILA-RESPA Final Rule and the TILA-RESPA Amendments beyond the additional minimum period required by the CRA to October 3, 2015, as proposed. The Bureau is also making certain technical amendments to the Official Interpretations of Regulation Z to reflect the new effective date and technical corrections to two provisions of Regulation Z adopted by the TILA-RESPA Final Rule.

DATES: The amendments in this final rule are effective on October 3, 2015. Effective July 24, 2015, this final rule delays the effective date from August 1, 2015, until October 3, 2015, for the final

rules amending 12 CFR parts 1024 and 1026 published December 31, 2013, at 78 FR 79730, and February 19, 2015, at 80 FR 8767; and for amendatory instruction 5 amending Supplement I to 12 CFR part 1026, appearing on page 65325 in the *Federal Register* on November 3, 2014.

FOR FURTHER INFORMATION CONTACT: Pedro De Oliveira, David Friend, or Joel Singerman, Counsels; or Laura Johnson or Amanda Quester, Senior Counsels, Office of Regulations, Consumer Financial Protection Bureau, 1700 G Street NW., Washington, DC 20552, at (202) 435-7700.

SUPPLEMENTARY INFORMATION:

I. Summary of the Final Rule

In November 2013, pursuant to sections 1098 and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),¹ the Consumer Financial Protection Bureau (Bureau or CFPB) issued the Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) (TILA-RESPA Final Rule), combining certain disclosures that consumers receive in connection with applying for and closing on a mortgage loan.² On January 20, 2015, the Bureau issued the Amendments to the 2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) and the 2013 Loan Originator Rule Under the Truth in Lending Act (Regulation Z) (TILA-RESPA Amendments or Amendments).³ As published in the *Federal Register*, the TILA-RESPA Final Rule and the TILA-RESPA Amendments (together, the TILA-RESPA Final Rule and Amendments) are effective on August 1, 2015. Because of an administrative error on the Bureau's part in complying with the Congressional Review Act (CRA) with respect to the TILA-RESPA Final Rule, the TILA-RESPA Final Rule and Amendments cannot take effect until, at

the earliest, August 15, 2015 (CRA Effective Date).

On June 24, 2015, the Bureau issued a proposed rule to delay the effective date of the TILA-RESPA Final Rule and Amendments to October 3, 2015 (Proposed Rule). The Proposed Rule also included certain technical amendments to the Official Interpretations to Regulation Z to reflect the proposed new effective date.⁴

The Bureau is now issuing this final rule to delay the effective date of the TILA-RESPA Final Rule and Amendments to October 3, 2015, and to finalize the related technical amendments in the Proposed Rule. As discussed in more detail in parts VI and VII below, this final rule also makes certain technical corrections to the TILA-RESPA Final Rule. Specifically, the Bureau is: (1) Amending § 1026.38(i)(8)(ii) and (iii)(A) to include, in the amount disclosed as "Final" for Adjustments and Other Credits, the amount disclosed under § 1026.38(j)(1)(iii) for certain personal property sales, thus conforming the calculation of Adjustments and Other Credits on the Closing Disclosure and Loan Estimate; and (2) amending § 1026.38(j)(1)(iv) to include, in the amount disclosed as Closing Costs Paid at Closing, lender credits disclosed under § 1026.38(h)(3), thus conforming the disclosure of the borrower's cash to close in the Calculating Cash to Close and the Summaries of Transactions tables on the Closing Disclosure. These technical corrections are in line with existing industry expectations and informal Bureau guidance.

II. Background

A. The TILA-RESPA Integrated Disclosures Rulemaking

Dodd-Frank Act sections 1032(f), 1098, and 1100A mandated that the Bureau establish a single disclosure scheme for use by lenders and creditors

⁴ For purposes of this final rule, these technical amendments include a change to amendatory instruction 5, appearing at 79 FR 65325 (Nov. 3, 2014), which will change the effective date of comment 43(e)(3)(iv)-2. The Amendments to the 2013 Mortgage Rules Under the Truth in Lending Act (Regulation Z) revised that comment to coordinate the points and fees cure with the tolerance cure available under the TILA-RESPA Final Rule. The Bureau proposed to change amendatory instruction 5 to conform with the new effective date for the TILA-RESPA Final Rule and Amendments and is finalizing that proposal in this final rule.

¹ Public Law 111-203, 124 Stat. 1376, 2007, 2103-04, 2107-09 (2010).

² 78 FR 79730 (Dec. 31, 2013). The TILA-RESPA Final Rule finalized a proposal the Bureau had issued on July 9, 2012, 77 FR 51116 (Aug. 23, 2012) (2012 TILA-RESPA Proposal).

³ 80 FR 8767 (Feb. 19, 2015). The TILA-RESPA Amendments finalized a proposal the Bureau had issued on October 10, 2014, 79 FR 64336 (Oct. 29, 2014).

in complying with the disclosure requirements of both the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act (TILA).⁵ Section 1098(2) of the Dodd-Frank Act amended RESPA section 4(a) to require that the Bureau publish a single, integrated disclosure for mortgage loan transactions, including “the disclosure requirements of this section and section 5, in conjunction with the disclosure requirements of [TILA].”⁶ Similarly, section 1100A(5) of the Dodd-Frank Act amended TILA section 105(b) to require that the Bureau publish a single, integrated disclosure for mortgage loan transactions, including “the disclosure requirements of this title in conjunction with the disclosure requirements of [RESPA].”⁷ The Bureau issued proposed integrated disclosure forms and rules for public comment on July 9, 2012, and issued the TILA-RESPA Final Rule on November 20, 2013.⁸

Upon issuing the TILA-RESPA Final Rule, the Bureau initiated extensive efforts to support industry implementation.⁹ Information regarding

⁵ 12 U.S.C. 5532(f), 2603; 15 U.S.C. 1604(b).

⁶ 12 U.S.C. 2603(a).

⁷ 15 U.S.C. 1604(b). The amendments to RESPA and TILA mandating a single, integrated disclosure are among numerous conforming amendments to existing Federal laws found in subtitle H of the Consumer Financial Protection Act of 2010 (the Consumer Financial Protection Act of 2010 is title X of the Dodd-Frank Act). Subtitle C of the Consumer Financial Protection Act, “Specific Bureau Authorities,” codified at 12 U.S.C. chapter 53, subchapter V, part C, contains a similar provision. Specifically, section 1032(f) of the Dodd-Frank Act provides that, by July 21, 2012, the Bureau “shall propose for public comment rules and model disclosures that combine the disclosures required under [TILA] and sections 4 and 5 of [RESPA] into a single, integrated disclosure for mortgage loan transactions covered by those laws.” 12 U.S.C. 5532(f). The Bureau issued the 2012 TILA-RESPA Proposal pursuant to that mandate and the parallel mandates established by the conforming amendments to RESPA and TILA, discussed above.

⁸ 77 FR 51116 (Aug. 23, 2012) (2012 TILA-RESPA Proposal); 78 FR 79730 (Dec. 31, 2013) (TILA-RESPA Final Rule); see also CFPB, *CFPB Proposes “Know Before You Owe” Mortgage Forms* (July 9, 2012), <http://www.consumerfinance.gov/pressreleases/consumer-financial-protection-bureau-proposes-know-before-you-owe-mortgage-forms/>; *Know Before You Owe: Introducing Our Proposed Mortgage Disclosure Forms*, CFPB Blog (July 9, 2012), <http://www.consumerfinance.gov/blog/know-before-you-owe-introducing-our-proposed-mortgage-disclosure-forms/>.

⁹ These ongoing efforts include: (1) The publication of a small entity compliance guide and a guide to forms to help industry understand the new rules, including updates to the guides, as needed; (2) the publication of a readiness guide for institutions to evaluate their readiness and facilitate compliance with the new rules; (3) the publication of a disclosure timeline that illustrates the process and timing requirements of the new disclosure rules; (4) an ongoing series of webinars to address common interpretive questions, including an index of questions answered during those webinars; (5) roundtable meetings with industry, including

the Bureau’s TILA-RESPA implementation initiative and available resources can be found on the Bureau’s regulatory implementation Web site at www.consumerfinance.gov/regulatory-implementation/tila-respa.

B. Proposed Effective Date

As adopted, the TILA-RESPA Final Rule and Amendments are effective on August 1, 2015. Section 801 of the CRA precludes a rule from taking effect until the Federal agency promulgating the rule submits a rule report, including a copy of the rule, to each House of Congress and to the Comptroller General of the Government Accountability Office (GAO).¹⁰ The TILA-RESPA Final Rule is a major rule under the CRA. Major rules, as defined under the CRA, have several additional procedural requirements, including that they cannot take effect until 60 days after (1) publication in the *Federal Register* or (2) receipt by Congress, whichever is later.¹¹ Although the TILA-RESPA Final Rule was published in the *Federal Register* on December 31, 2013, and received widespread public and Congressional attention, the Bureau discovered on June 16, 2015, that it inadvertently had not submitted the rule report to Congress. Later that day, the Bureau submitted the report to both Houses of Congress and the GAO. Under the CRA, the TILA-RESPA Final Rule cannot take effect until, at the earliest, August 15, 2015, two weeks after the originally scheduled effective date. The TILA-RESPA Amendments cannot take effect before the TILA-RESPA Final Rule, as they amend the TILA-RESPA Final Rule.

Given that the TILA-RESPA Final Rule would not take effect until the CRA Effective Date, the Bureau proposed a brief additional delay to October 3, 2015. In doing so, the Bureau discussed whether this additional delay could potentially benefit both consumers and industry more than having the new rules take effect on the CRA Effective Date. The Bureau recognized that adjusting operational systems from a target readiness date of August 1 to a

creditors, settlement service providers, and technology vendors, to discuss and support their implementation efforts; (6) participation in dozens of conferences and forums; and (7) close collaboration with State and Federal regulators on implementation of the TILA-RESPA Final Rule and Amendments, including coordination on consistent examination procedures. There were over 30,000 downloads of the Bureau’s small entity compliance guide and other regulatory implementation support materials during June 2015 alone. Additionally, the Bureau has provided extensive informal guidance to support implementation of the TILA-RESPA Final Rule and Amendments.

¹⁰ 5 U.S.C. 801(a)(1)(A).

¹¹ 5 U.S.C. 801(a)(3), 804(2).

target readiness date of August 15 would likely pose implementation challenges for many organizations. The Bureau also recognized that a mid-month effective date could create additional challenges. Moreover, the Bureau noted that delays in the delivery of system updates had left some creditors with limited time to fully test all of their systems and system components to ensure that each system works with the others in an effective manner. These delays pose risks to smooth implementation of the TILA-RESPA Final Rule when combined with the challenges for institutions of adjusting operational systems to a new effective date.

The Bureau also explained in the Proposed Rule that a Saturday effective date could allow for smoother implementation by affording industry time over a weekend to launch new systems configurations and to test systems. The Bureau noted that a Saturday launch would be consistent with existing industry plans tied to the original Saturday August 1 effective date. The Bureau explained its concern that a longer delay in implementation would impose unnecessary costs both on consumers and on those segments of industry that have worked diligently for a timely implementation. A longer delay would also be inconsistent with the Bureau’s goal of implementing the new disclosures on the earliest practically feasible date to support consumer understanding of mortgage loan transactions.

III. Summary of the Rulemaking Process

On June 24, 2015, the Bureau issued the Proposed Rule with a request for public comment. The Proposed Rule was published in the *Federal Register* on June 26, 2015.¹²

The Bureau solicited comment on all aspects of the Proposed Rule. In particular, the Bureau asked commenters to provide specific detail and any available data regarding current and planned practices, as well as relevant knowledge and specific facts about any benefits, costs, or other impacts on both industry and consumers of the Proposed Rule. The Bureau solicited comment regarding the proposed extension of the effective date to October 3, 2015, as well as alternative dates for extension, including the prospect of allowing the new rules to take effect on the CRA Effective Date.

The comment period closed on July 7, 2015. In response to the Proposed Rule, the Bureau received more than 1,300

¹² 80 FR 36727 (June 26, 2015).

the TILA-RESPA Final Rule and Amendments with more time.

Industry commenters who sought a further delay in the effective date beyond October 3, 2015, generally relied on the same arguments raised by other commenters for any extension of the effective date. Among commenters who requested an additional delay in the effective date beyond October 3, 2015, the most common alternative date fell sometime near the beginning of 2016 (e.g., January 1, 2016; January 2, 2016; or January 4, 2016). Industry commenters argued that they expect mortgage origination activity to slow during the end of the calendar year and the beginning of the new year, based on historical patterns, and a delay until early 2016 would thus permit a smoother transition. Some commenters, including a community bank and a credit union, requested a February 1, 2016, effective date instead of a date in January because implementation could be difficult around the end-of-the-year holidays.

Specific Day of the Week or Time During the Month for the Effective Date

Some industry commenters, including a national trade association, specifically supported a Saturday effective date (for example, October 3, 2015) because it would allow companies to migrate their systems over a weekend. At least one commenter, a state trade association, supported a Friday effective date for similar reasons. Other commenters favored different days of the week for the effective date, such as a Monday or Thursday. For example, a credit union commenter favored a Thursday effective date because the TILA-RESPA Final Rule allows a three-business-day window for delivering or placing the Loan Estimate in the mail, and thus a Thursday effective date would provide additional time to work through potential systems issues before the start of the following workweek. A credit union association commenter stated that a weekend effective date would require additional staff overtime costs and would therefore be undesirable.

Several commenters, including a credit union and an individual commenter, stated that an effective date on the first day of the month would simplify implementation. However, a bank commenter stated that there would be additional staff challenges if the effective date is within the first few days after the end of a quarterly reporting period.

Technical Comments on the Effective Date

The Bureau also received a number of technical comments about the effective date. One commenter suggested that the Bureau should amend an additional amendatory instruction, as discussed further below. Some commenters, including consumer advocacy groups, requested clarification as to whether all or only parts of the TILA-RESPA Final Rule and Amendments will have a new effective date. Additionally, other commenters requested clarification that the proposal for the final rule to take effect immediately upon publication referred to the delay of the effective date, not to the TILA-RESPA Final Rule and Amendments.

Other Comments

The Bureau also received a number of comments that did not relate directly to the date when the TILA-RESPA Final Rule should become effective. Many banks, credit unions, mortgage companies, industry service providers, trade associations, and individual commenters from industry—including many who did not request an additional delay in the effective date beyond October 3, 2015—requested a safe harbor period, hold-harmless period, or other formal grace period after the effective date to insulate creditors from private liability or public enforcement. Many suggested that a grace period could apply to creditors that demonstrate good faith efforts to comply with the TILA-RESPA Final Rule and Amendments. Some commenters arguing for an effective date later than October 3, 2015, asked for a grace period if the Bureau maintained the October 3, 2015, effective date. Some commenters supporting a grace period stated that it should last for a specific duration.

Consumer advocacy groups opposed a formal grace period, expressing concerns about consumer protection, precedential value, and the Bureau's legal authority to implement a formal grace period. The consumer advocacy groups noted that regulators already have the discretion not to sanction creditors and that various existing provisions of TILA protect creditors acting in good faith.

Some industry commenters, including various credit unions and their trade associations, requested an optional "dual compliance" period before the effective date. During such a dual compliance period, the commenters stated that creditors should have the option to test their systems by using the new integrated disclosures in real-life transactions or continue using the

current disclosures. A law firm commenter that supported an optional dual compliance period stated that creditors that are already prepared for an August 2015 effective date should not be penalized by being forced to wait until October or later.

Other industry commenters, including a technology vendor and a title underwriter, opposed a dual compliance period and stated that it would increase the risk of errors, create a competitive disadvantage for some (likely smaller) industry members not using the new disclosures, complicate the flow of information for secondary market investors, and increase the risk of consumer confusion.

The Bureau also received a number of other comments that did not relate, even indirectly, to the effective date and therefore are not discussed in this preamble.^{20*}

B. Final Rule

Effective Date of October 3, 2015

The Bureau is adopting an October 3, 2015, effective date for the TILA-RESPA Final Rule and Amendments, as proposed.

The Bureau concludes that implementation of the TILA-RESPA Final Rule and Amendments will provide significant benefits to consumers and that the earliest practically feasible implementation date remains essential to aid consumer understanding of mortgage loan transactions. The TILA-RESPA Final Rule and Amendments significantly strengthen and streamline the mortgage loan disclosures provided to consumers. The Bureau believes the TILA-RESPA Final Rule and Amendments will deliver significant value to consumers, among other ways, by helping: (1) To ensure that consumers understand the costs, risks, and benefits of their loans at a time when they can still negotiate the terms of, or walk away from, the transaction; and (2) to minimize changes at the closing table and make it easier for consumers to understand how and why any costs may have changed.²¹

²⁰ For example, the Bureau received a large number of comments asking it to revisit the requirement to identify owner's title insurance as "optional" and the method of disclosure of owner's and lender's title insurance when there is a discount for simultaneous issuance of both policies. A large number of commenters also suggested that the Bureau should require creditors' disclosures to separately itemize an appraiser's charge versus related charges for an appraisal management company. The Bureau considered the same arguments presented by these commenters in the TILA-RESPA Final Rule and did not open its decisions to notice-and-comment rulemaking in the Proposed Rule. Therefore, these comments are outside the scope of this rulemaking.

²¹ 78 FR 79730, 80071 (Dec. 31, 2013).

However, given the CRA requirements discussed above, the TILA-RESPA Final Rule and Amendments cannot take effect on August 1, 2015, and therefore the effective date must be moved to the CRA Effective Date or later. Having reviewed and considered the comments, the Bureau continues to believe that a brief delay beyond the CRA Effective Date may minimize costs to consumers and those segments of industry that have worked diligently to implement on time, while allowing all industry participants time to adjust their operations to a new effective date. The Bureau recognizes that the unusual circumstances of this rulemaking place extensive implementation challenges on industry in stopping and restarting progress toward implementation.

The Bureau has considered comments supporting both earlier and later effective dates than October 3, 2015. The Bureau continues to believe that a date before the beginning of October would pose large implementation challenges for much of industry, given the time required to adjust to a new effective date. Further delaying implementation to the beginning of 2016, as many commenters suggested, would impose large costs on consumers denied the benefits of the TILA-RESPA Final Rule. Moreover, multiple commenters indicated that industry would incur additional costs should the Bureau finalize a different effective date than October 3, 2015, because many industry participants of necessity have relied on the Bureau's proposed October 3, 2015, date in taking steps towards adjusting their implementation schedules and operations. Absent compelling evidence demonstrating the objective superiority of a different effective date, the Bureau is reluctant to impose further costs on industry.

The Bureau has also considered the comments regarding the day of the week and time during the month. While industry commenters did not express a uniform preference for Saturday, many expressed a preference for a weekend day. Additionally, the Bureau notes that, since November 2013, industry has been preparing for implementation of the TILA-RESPA Final Rule with the understanding that implementation would occur on a Saturday, at the beginning of the month. Again, absent compelling arguments to the contrary, the Bureau believes it is preferable to minimize disruptions to settled industry expectations.

The Bureau acknowledges that at least one commenter expressed concern about an implementation date near the start of a quarter. However, this view was not widely expressed. Many

commenters who expressed a preference for another effective date, *e.g.*, January 1, 2016, also recommended one near the start of a quarter. Taking into account the various opinions expressed in the comments, the Bureau believes that an effective date near the start of a quarter will not pose unreasonable implementation challenges to industry. Moreover, the Bureau must balance the costs of additional delay to consumers and those segments of industry that have worked diligently to prepare, the general concern about mid-month implementation, and the need for some additional time for industry to adjust to the new effective date. Balancing those concerns, the Bureau believes that an effective date of October 3, 2015, is the earliest practically feasible date.

The Bureau recognizes, as it always has, that the TILA-RESPA Final Rule and Amendments require major operational changes for industry and close coordination among many different parties. At the same time, the Bureau concludes that the original nearly 21-month implementation period together with two additional months, coupled with the Bureau's extensive regulatory implementation support efforts, should afford all participants a reasonable opportunity to come into compliance with the TILA-RESPA Final Rule and Amendments by October 3, 2015.

Technical Issues Regarding Effective Date

In response to some commenters' requests for clarification, this final rule changes the effective date to October 3, 2015, for all provisions of the TILA-RESPA Final Rule and Amendments.²² The technical amendments also take effect on October 3, 2015, the same effective date as the TILA-RESPA Final Rule and Amendments.²³ Some commenters specifically asked whether the change in effective date to October 3, 2015, applies to the post-consumption notice requirements including §§ 1026.20(e) and 1026.39(d)(5). As discussed in the TILA-RESPA Final Rule, implementation of the Dodd-Frank Act disclosures in §§ 1026.20(e) and 1026.39(d)(5) becomes mandatory on the effective date, now October 3,

²² As explained in the section-by-section analysis of § 1026.43 below, this final rule also delays from August 1, 2015, until October 3, 2015, an amendatory instruction issued in conjunction with the Amendments to the 2013 Mortgage Rules Under the Truth in Lending Act (Regulation Z).

²³ This final rule also makes technical corrections to two provisions in § 1026.38, which are effective on October 3, 2015, the same effective date as the TILA-RESPA Final Rule and Amendments.

2015.²⁴ As discussed further in part VII below, the portions of this final rule related to the delay in the effective date to October 3, 2015, are effective immediately upon publication in order to move the effective date for the TILA-RESPA Final Rule and Amendments and the amendatory instruction discussed in note 4 from August 1, 2015 to October 3, 2015. As a result of this final rule, the provisions of the TILA-RESPA Final Rule and Amendments, as well as the technical amendments and corrections made in this final rule, are not effective immediately upon publication, but on October 3, 2015.

In response to one law firm commenter's assertion that the Proposed Rule fails to amend the amendatory instruction to § 1026.36(g)(2)(ii) in the TILA-RESPA Amendments by revising the effective date from August 1, 2015, to October 3, 2015, the Bureau disagrees. The Bureau proposed to change the effective date of both the TILA-RESPA Final Rule and the TILA-RESPA Amendments to October 3, 2015. The proposed change to the effective date would apply to all amendatory instructions for both rules, including the TILA-RESPA Amendments' amendatory instruction to § 1026.36(g)(2)(ii).

Requests for a Formal Grace Period or a Dual Compliance Period

With regard to some commenters' requests for a formal grace period or a dual compliance period, the Bureau considered and rejected similar arguments when it finalized the TILA-RESPA Final Rule.²⁵ The Bureau did not seek comments on these issues in this rulemaking and, for the reasons expressed in the TILA-RESPA Final Rule and herein, is not instituting either a formal grace period or a dual compliance period.

Although many commenters requested a formal grace period, the Bureau continues to believe that the original implementation period from November 2013 to August 2015, coupled with the Bureau's extensive regulatory implementation support initiative, afforded creditors adequate time to implement the TILA-RESPA Final Rule under the original effective date. The Bureau also believes that the additional time afforded by the October 3 effective date adequately accounts for the challenges of adjusting to a new date.

At the same time, the Bureau recognizes, as it always has, that the TILA-RESPA Final Rule poses

²⁴ 78 FR 79730, 79753 (Dec. 31, 2013).

²⁵ See, *e.g.*, 78 FR 79730, 80066-68, 80072-73 (2013).

TILA-RESPA Integrated Disclosure rule (“TRID”)

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Coverage

What transactions are covered by the TILA-RESPA rule? (§§ 1024.5, 1026.3, and 1026.19)

The TILA-RESPA rule applies to most closed-end consumer credit transactions secured by real property, but **does not apply to:**

- HELOCs;
- Reverse mortgages; or
- Chattel-dwelling loans, such as loans secured by a mobile home or by a dwelling that is not attached to real property (*i.e.*, land).

Consistent with the current rules under TILA, the rule also does not apply to loans made by a person or entity that is not considered a **creditor**. (§ 1026.2(a)(17))

There is also a partial exemption for certain transactions associated with housing assistance loan programs for low- and moderate-income consumers. (§ 1026.3(h))

However, certain types of loans that are currently subject to TILA but not RESPA **are subject** to the TILA-RESPA rule's integrated disclosure requirements, including:

- Construction-only loans
- Loans secured by vacant land or by 25 or more acres

Credit extended to certain trusts for tax or estate planning purposes also are covered by the TILA-RESPA rule. (Comment 3(a)-10)

(13) *Consummation* means the time that a consumer becomes contractually obligated on a credit transaction.

(14) *Credit* means the right to defer payment of debt or to incur debt and defer its payment.

(15)(i) *Credit card* means any card, plate, or other single credit device that may be used from time to time to obtain credit.

(ii) *Credit card account under an open-end (not home-secured) consumer credit plan* means any open-end credit account that is accessed by a credit card, except:

(A) A home-equity plan subject to the requirements of §1026.40 that is accessed by a credit card; or

(B) An overdraft line of credit that is accessed by a debit card or an account number.

(iii) *Charge card* means a credit card on an account for which no periodic rate is used to compute a finance charge.

(16) *Credit sale* means a sale in which the seller is a creditor. The term includes a bailment or lease (unless terminable without penalty at any time by the consumer) under which the consumer:

(i) Agrees to pay as compensation for use a sum substantially equivalent to, or in excess of, the total value of the property and service involved; and

(ii) Will become (or has the option to become), for no additional consideration or for nominal consideration, the owner of the property upon compliance with the agreement.

(17) *Creditor* means:

(i) A person who regularly extends consumer credit that is subject to a finance charge or is payable by written agreement in more than four installments (not including a down payment), and to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract.

(ii) For purposes of §§1026.4(c)(8) (Discounts), 1026.9(d) (Finance charge imposed at time of transaction), and 1026.12(e) (Prompt notification of returns and crediting of refunds), a person that honors a credit card.

(iii) For purposes of subpart B, any card issuer that extends either open-end credit or credit that is not subject to a finance charge and is not payable by written agreement in more than four installments.

(iv) For purposes of subpart B (except for the credit and charge card disclosures contained in §§1026.60 and 1026.9(e) and (f), the finance charge disclosures contained in §1026.6(a)(1) and (b)(3)(i) and §1026.7(a)(4) through (7) and (b)(4) through (6) and the right of rescission set forth in §1026.15) and subpart C, any card issuer that extends closed-end credit that is subject to a finance charge or is payable by written agreement in more than four installments.

(v) A person regularly extends consumer credit only if it extended credit (other than credit subject to the requirements of §1026.32) more than 25 times (or more than 5 times for transactions secured by a dwelling) in the preceding calendar year. If a person did not meet these numerical standards in the preceding calendar year, the numerical standards shall be applied to the current calendar year. A person regularly extends consumer credit if, in any 12-month period, the person originates more than one credit extension that is subject to the requirements of §1026.32 or one or more such credit extensions through a mortgage broker.

(18) *Downpayment* means an amount, including the value of property used as a trade-in, paid to a seller to reduce the cash price of goods or services purchased in a credit sale transaction. A deferred portion of a downpayment may be treated as part of the downpayment if it is payable not later than the due date of the second otherwise regularly scheduled payment and is not subject to a finance charge.

(19) *Dwelling* means a residential structure that contains one to four units, whether or not that structure is attached to real property. The term includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence.

(20) *Open-end credit* means consumer credit extended by a creditor under a plan in which:

(i) The creditor reasonably contemplates repeated transactions;

(ii) The creditor may impose a finance charge from time to time on an outstanding unpaid balance; and

(iii) The amount of credit that may be extended to the consumer during the term of the plan (up to any limit set by the creditor) is generally made available to the extent that any outstanding balance is repaid.

(21) *Periodic rate* means a rate of finance charge that is or may be imposed by a creditor on a balance for a day, week, month, or other subdivision of a year.

ELECTRONIC CODE OF FEDERAL REGULATIONS

e-CFR data is current as of November 12, 2015

Title 12 → Chapter X → Part 1026 → Subpart E → §1026.32

Title 12: Banks and Banking
PART 1026—TRUTH IN LENDING (REGULATION Z)
Subpart E—Special Rules for Certain Home Mortgage Transactions

§1026.32 Requirements for high-cost mortgages.

(a) Coverage. (1) The requirements of this section apply to a high-cost mortgage, which is any consumer credit transaction that is secured by the consumer's principal dwelling, other than as provided in paragraph (a)(2) of this section, and in which:

(i) The annual percentage rate applicable to the transaction, as determined in accordance with paragraph (a)(3) of this section, will exceed the average prime offer rate, as defined in §1026.35(a)(2), for a comparable transaction by more than:

(A) 6.5 percentage points for a first-lien transaction, other than as described in paragraph (a)(1)(i)(B) of this section;

(B) 8.5 percentage points for a first-lien transaction if the dwelling is personal property and the loan amount is less than \$50,000; or

(C) 8.5 percentage points for a subordinate-lien transaction; or

(ii) The transaction's total points and fees, as defined in paragraphs (b)(1) and (2) of this section, will exceed:

(A) 5 percent of the total loan amount for a transaction with a loan amount of \$20,000 or more; the \$20,000 figure shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index that was reported on the preceding June 1; or

(B) The lesser of 8 percent of the total loan amount or \$1,000 for a transaction with a loan amount of less than \$20,000; the \$1,000 and \$20,000 figures shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index that was reported on the preceding June 1; or

(iii) Under the terms of the loan contract or open-end credit agreement, the creditor can charge a prepayment penalty, as defined in paragraph (b)(6) of this section, more than 36 months after consummation or account opening, or prepayment penalties that can exceed, in total, more than 2 percent of the amount prepaid.

(2) Exemptions. This section does not apply to the following:

(i) A reverse mortgage transaction subject to §1026.33;

(ii) A transaction to finance the initial construction of a dwelling;

(iii) A transaction originated by a Housing Finance Agency, where the Housing Finance Agency is the creditor for the transaction; or

(iv) A transaction originated pursuant to the United States Department of Agriculture's Rural Development Section 502 Direct Loan Program.

(3) Determination of annual percentage rate. For purposes of paragraph (a)(1)(i) of this section, a creditor shall determine the annual percentage rate for a closed- or open-end credit transaction based on the following:

(i) For a transaction in which the annual percentage rate will not vary during the term of the loan or credit plan, the interest rate in effect as of the date the interest rate for the transaction is set;

(ii) For a transaction in which the interest rate may vary during the term of the loan or credit plan in accordance with an index, the interest rate that results from adding the maximum margin permitted at any time during the term of the loan or credit plan to the value of the index rate in effect as of the date the interest rate for the transaction is set, or the introductory interest rate, whichever is greater; and

Commercial Law:

§12-302: License required unless exempt

Annotated Code of Maryland

A person may not engage in the business of making loans under this subtitle unless the person is licensed under or is exempt from the licensing requirements of Title 11, Subtitle 2 of the Financial Institutions Article, the Maryland Consumer Loan Law -- Licensing Provisions.

Financial Institutions:

§11-502: Applicability

(a) In this section, "affiliate" means any company that controls, is controlled by, or is under common control with an institution described in subsection (c) of this section.

(b) The provisions of this subtitle do not apply to:

(1) Any bank, trust company, savings bank, savings and loan association, or credit union incorporated or chartered under the laws of this State or the United States or any other-state bank having a branch in this State;

(2) Any insurance company authorized to do business in the State;

(3) Any corporate instrumentality of the Government of the United States including:

(i) The Federal Home Loan Mortgage Corporation;

(ii) The Federal National Mortgage Association; and

(iii) The Government National Mortgage Association;

(4) Any person who takes back a deferred purchase money mortgage in connection with the sale of:

(i) A dwelling or residential real estate owned by, and titled in the name of, that person; or

(ii) A new residential dwelling that the person built;

(5) A nonprofit charitable organization registered with the Maryland Secretary of State or a nonprofit religious organization;

(6) An employer making a mortgage loan to an employee;

(7) A person making a mortgage loan to a borrower who is the person's spouse, child, child's spouse, parent, sibling, grandparent, grandchild, or grandchild's spouse;

(8) A real estate broker who:

(i) Is licensed in the State; and

(ii) Makes a mortgage loan providing a repayment schedule of 2 years or less to assist the borrower in the purchase or sale of a dwelling or residential real estate through the broker;

(9) A home improvement contractor licensed under the Maryland Home Improvement Law who assigns a mortgage loan without recourse within 30 days after completion of the contract to a person licensed under this subtitle or to an institution that is exempt from this subtitle under item (1), (2), or (10) of this subsection;

(10) A subsidiary or affiliate of an institution described in subsection (c) of this section, which subsidiary or affiliate:

(i) Is subject to audit or examination by a regulatory body or agency of this State or the state where the subsidiary or affiliate maintains its principal office; and

(ii) Files with the Commissioner, prior to making mortgage loans, information sufficient to identify:

1. The correct corporate name of the subsidiary or affiliate;

2. An address and telephone number of a contact person for the subsidiary or affiliate;

3. A resident agent; and

4. Any additional information considered necessary by the Commissioner for protection of the public;

(11) Any employee benefit plan qualified under Internal Revenue Code §401 or persons acting as fiduciaries with respect to such a plan, making mortgage loans solely to plan participants from plan assets; or

(12) Employees acting within the scope of their employment with:

(i) A licensed mortgage lender; or

(ii) A person who is exempt from licensure under this subtitle.

(c) The exemption in subsection (b)(10) of this section applies to subsidiaries and affiliates of:

(1) Any bank, trust company, savings bank, savings and loan association, or credit union incorporated or chartered under the laws of this State; or

(2) Any other-state bank, as that term is defined in §5-1001 of this article, having a branch that accepts deposits in this State.

(d) The exemptions provided in subsection (b) of this section do not apply to any person who has been denied a license to engage in business as a mortgage lender or real estate broker or whose license to engage in such activities has been suspended or revoked within the 3 immediately preceding calendar years.

Title Fees Sheet

Please complete the fee sheet below and return to First Home Mortgage

Borrower:
Property:

Estimated Closing Date:
Loan Number:

Title Services & Title Insurance

| | Buyer | Seller |
|--|-------|--------|
| Settlement / Closing Fee | | |
| Full Owner's Title Insurance | | |
| Simultaneous Issue Rate, If any | | |
| Full Lender's Title Insurance Premium | | |
| Abstract/Title search | | |
| Title Exam | | |
| Title Insurance Binder | | |
| Overnight Release | | |
| Administration/Commitment Fees | | |
| Archive/Storage/Digital Imaging Fees | | |
| Attorney/Notary Fees | | |
| Bring to date | | |
| Closing Protection Letter Fee | | |
| Copy/Scan/Fax/Wire Fees | | |
| Courier/Messenger Fee | | |
| Doc Prep/Review Fee | | |
| Electronic Delivery/Express Mail Fee | | |
| Endorsements | | |
| Funding Fee | | |
| Judgement/Lien Cert/MLC | | |
| Power of Attorney Prep Fees | | |
| Procure/Processing/Payoffs/Post Closing Fees | | |
| Recording Fees-Assignment | | |
| Release/Tracking Fees | | |
| Signing Fee | | |
| Subordination Fee | | |
| Survey Affidavit | | |
| Tax Certification | | |
| U.S. District Court Search | | |
| Walk Through/Hand Recording Fee | | |
| Property Taxes Paid in Advance | | |

Recording Fees, Taxes & Stamps

| | Buyer | Seller |
|------------------------------------|-------|--------|
| Recording Fees | | |
| Transfer Taxes | | |
| City/County/Stamps | | |
| Doc Tax Stamps - City | | |
| Doc Tax Stamps - State | | |
| GA RMLA Fee | | |
| Record Ground Rent Redemption Deed | | |
| Record Judgment Affidavit | | |
| Record POA | | |
| Record Private Road Agreement | | |
| Record Release | | |
| Record Second Trust | | |
| Record Subordination Agreement | | |

Seller Name:
Seller Address:

Seller Phone #:

Fees prepared by:
Phone #:

Settlement Company:
License #:
Settlement Officer:
License #:

Additional Settlement Charges

| | Buyer | Seller |
|------------------------------------|-------|--------|
| Builder Assessment | | |
| Builder Fee | | |
| Builder Inspection | | |
| Builder Warranty | | |
| Capital Contribution | | |
| CCD | | |
| Estoppel | | |
| Home Inspection | | |
| Home Warranty | | |
| Improvement Levy/Special Tax | | |
| Loss Mitigation Fee | | |
| Other Non-APR Fee | | |
| Payoffs | | |
| Pest Inspection | | |
| Prorations | | |
| Radon Inspection | | |
| Real Estate Admin Fee | | |
| Repair Escrow | | |
| Septic Certification | | |
| Subordinate Lien Fees | | |
| Survey | | |
| Well Certification | | |
| | | |
| 203k/Architecture/Engineering Fees | | |
| 203k/Consultant Fee | | |
| 203k/Other Fees | | |
| 203k/Permits | | |
| 203k/Repair Escrow | | |
| Reno Consultant Fee | | |
| Reno Other Fees | | |
| Reno Permits | | |
| Reno Repair Escrow | | |



TILA-RESPA Reference Guide

Effective with applications taken **October 3rd 2015**, the TD Bank Closing process will change from what it is today. Our project teams have been working to make sure all requirements are met to ensure a smooth transition for the TD staff as well as our Settlement Agents. Included in the reference guide are key reminders, a process outline and a breakdown of what fees we are looking for from you in order to complete the CD.

Key Reminders

- TD Bank will prepare and deliver the borrower Closing Disclosure (CD)
 - The CD will be delivered via overnight delivery or electronic delivery if the borrower has "opted-in" to receive electronic disclosures
- TD Bank will include the sellers fees on the CD
 - The Settlement Agent will provide the TD Closer with the fees and the TD Closer will prepare.
- Changes to APR fees or a Product change will trigger the borrower to receive the updated CD and the closing date to be moved out.
- Make sure all fees are accurate. We cannot accept estimated fees for the CD.
- TD Bank does not allow you provide the borrower with your own Settlement Statement. Please only use the TD Bank prepared CD
- No unauthorized changes to the borrower CD are allowed
- As the Settlement Agent you are to use the TD Bank-provided borrower CD for TD Bank closings.
- No changes or alterations to the CD may be made.
- Any known changes must be communicated to your TD Bank Closer prior to document signing.
- TD Bank will be using Elynx, as we do today, to deliver the closing packages

Process overview

| <u>Timings</u> | Process | Reminders |
|---|---|---|
| <p>10 Business days prior to the expect to close date</p> | <p>The TD Bank Pre-Closing Coordinator will reach out to you to begin the closing process.</p> <ul style="list-style-type: none"> ○ They will verify the closing date/time ○ They will advise you if the borrower is opt-in or opt-out ○ They will request a draft CD with the Sellers & Attorney's fees ○ They will be able to assist with any questions you may have about the process and requirements | <ul style="list-style-type: none"> ○ Ensure you are registered to receive Elynx Packages from TD Bank ○ Notify us of any specific signing plans that could impact the CD timing requirements. |
| <p>5 Business days prior to expect to close date</p> | <ul style="list-style-type: none"> ○ TD will confirm the detail fees with you for preparation of the CD | <ul style="list-style-type: none"> ○ Make sure all fees are accurate. We cannot accept estimated fees. |
| <p>3 business days prior to needing final CD</p> | <ul style="list-style-type: none"> ○ Settlement agent to send in the Closing Attorney Scheduling Notification to the TD Bank Closing department." us-mortgageclosingdept-notificaitons@td.com " ○ Indicate if this is closing with a POA ○ Your closer will send you the initial closing documents with in 24 hour of scheduling via Elynx | <ul style="list-style-type: none"> ○ Please keep in mind we need 3 business days from the time we get the scheduling notice, to when you need the final CD. ○ Note if this is a mail away or any specific signing information we may need ○ Please print the initial package once received |
| <p>7 business days prior to closing - For borrowers who are "opt-out" from receiving electronic disclosures</p> | <ul style="list-style-type: none"> ○ CD content is finalized and approved ○ TD Bank will send the CD to the borrower ○ TD Bank will send the Final closing package via Elynx ○ The Settlement Agent will answer any questions the borrower has after receiving the CD. If needed they will notify their closer of questions they cannot answer | <ul style="list-style-type: none"> ○ Do not provide any party with a NON TD BANK version of the CD ○ Immediately notify your TD Bank Closer if you become aware of any changes |

| | | |
|---|--|---|
| <p>5 days prior to closing – For Government loans where the borrower is "opt-out" from receiving electronic disclosures</p> | <ul style="list-style-type: none"> ○ CD content is finalized and approved ○ TD Bank will send the CD to the borrower ○ TD Bank will send the Final closing package via Elynx ○ The Settlement Agent will answer any questions the borrower has after receiving the CD. If needed they will notify their closer of questions they cannot answer | <ul style="list-style-type: none"> ○ Do not provide any party with a NON TD BANK version of the CD ○ Immediately notify your TD Bank Closer if you become aware of any changes |
| <p>3 business days prior to closing - For Borrower who are "opt-in" to receive electronic disclosures</p> | <ul style="list-style-type: none"> ○ CD content is finalized and approved ○ TD Bank will send the CD to the borrower ○ TD Bank will send the Final closing package via Elynx ○ The Settlement Agent will answer any questions the borrower has after receiving the CD. If needed they will notify their closer of questions they cannot answer | <ul style="list-style-type: none"> ○ TD Bank will track the delivery of the CD for our evidence of compliance ○ Do not provide any party with a NON TD BANK version of the CD ○ Immediately notify your TD Bank Closer if you become aware of any changes |
| <p>Day of Closing</p> | <ul style="list-style-type: none"> ○ Review the closing instructions and conduct the loan closing. ○ Have all parties sign applicable documents at closing. ○ There will only be 1 CD for signing at closing. ○ Review closing instruction for the funds to be returned to TD and make sure all requirements were met. | <ul style="list-style-type: none"> ○ Early signing of closing documents is not permitted without authorization from TD Bank. *We will allow the seller to sign early ○ Immediately notify you TD Bank Closer if you become aware of any changes and wait for further instructions before proceeding with closing. ○ Do not modify the CD or issue your own version on any TD Bank Loan. If changes are needed TD will provide an updated CD to you and the borrower. |



Quoting the Title Insurance Premium

The Rule is very specific about how title insurance premiums are disclosed.

- Title Insurance and Closing Services must be labeled beginning with “Title –”
- Owner’s title insurance must include “(Optional)” at the end when borrower paid
 - Basic Owner’s Rate – default
 - Enhanced Owner’s Rate – may be quoted
 - Required by the Contract
 - If known to lender when issuing the Loan Estimate

Simultaneous Issue

In those states where a discounted premium is charged for the simultaneous issuance of loan and owner’s policies special rules apply.

- Loan policy premium disclosed without adjustment for simultaneous issue
- Full Loan premium based on Loan Amount
- Owner’s premium equals:
 - Full Owner’s premium
 - Plus Simultaneous Loan rate
 - Less Full Loan premium

Owner/Loan Policy Pricing

$$\begin{array}{r}
 1. \text{ Calculate Actual Premium} \\
 \text{Full Owner's} + \text{Simo Loan Policy} \\
 \$1,900.00 + 200.00 = 2,100.00 \\
 2. \text{ Calculate Loan Policy Alone} \quad - 1,500.00 \\
 \hline
 \text{Disclosed:} \\
 \text{Loan Premium} \quad \$1,500.00 \\
 \text{Owner's Policy} \quad \$600.00
 \end{array}$$

1. Calculate the actual Premium ($\$1,900 + \$200 = \$2,100$)
2. Calculate Loan Policy Alone ($\$2,100 - \$1,500 = \$600$)
3. Disclosed
 - a. Loan Premium - \$1,500
 - b. Owner’s Policy - \$600

Compare the Coverage

Residential Owners Policies

| Coverage | Standard Policy** | Enhanced Policy |
|--|-------------------|-----------------|
| Someone else owns an interest in your title | X | X |
| Someone else has an easement on your land | X | X |
| Improperly executed, delivered or recorded documents | X | X |
| Forgery, fraud, duress, incompetence, incapacity or impersonation | X | X |
| Defective recording of document | X | X |
| Restrictive covenants limiting use of land | X | X |
| A lien on your title because of a deed of trust, judgment, tax lien, special assessment or homeowners association charge | X | X |
| Unmarketable title | X | X |
| Mechanics liens | X | X |
| Plain language | X | X |
| Coverage continues indefinitely | X | X |
| Rights under leases, contracts or options | X | X |
| Inability to use land for single-family dwelling because of a violation of a zoning ordinance | X | X |
| Pays rental costs for a substitute residence | X | X |
| Discriminatory covenants | N/A | X |
| Forced correction or removal of any structures due to restrictive covenant violations | N/A | X |
| Unrecorded easements | N/A | X |
| Supplemental taxes | N/A | X |
| Survey coverage without a survey for certain Covered Risks | N/A | X |
| Reversion or forfeiture of title due to restrictive covenant violations | N/A | X |
| Actual vehicular and pedestrian access based on legal right | N/A | X |
| Damage to existing improvements, including landscaping, due to exercise of existing mineral rights. | N/A | X |
| Pays costs to relocate personal property and damage to personal property during move | N/A | X |
| Damage to existing structures due to maintenance or use of any easement affecting your property | N/A | X |
| Subdivision law violations of previous owner* | N/A | X |
| Forced removal of any structure that violates an existing zoning law* | N/A | X |
| Enhanced marketability coverage (including subdivision law violation*) | N/A | X |
| Failure to obtain building permit by previous owner* | N/A | X |
| Forced removal of any structure including boundary walls and fences which encroach onto your neighbors property, onto an easement or over a building setback line* | N/A | X |
| Post Policy inflation coverage up to 150% of the original policy | N/A | X |
| Post Policy coverage for adverse possession | N/A | X |
| Post Policy coverage for prescriptive easement(s) | N/A | X |
| Post Policy coverage for forgery or impersonation | N/A | X |
| Post Policy coverage extends to Living Trust beneficiaries and trustees | N/A | X |
| Post Policy coverage for defective title | N/A | X |
| Post Policy coverage for a neighbors encroachment, other than boundary wall or fence, onto your property | N/A | X |

*Subject to a deductible and maximum indemnity liability, which may be less than the policy amount.

**Standard Policy is a reference to ALTA Residential Title Insurance Policy

***Enhanced Policy is a reference to ALTA Homeowners Policy of Title Insurance

What charges are subject to a 10% cumulative tolerance? (§ 1026.19(e)(3)(ii))

Charges for third-party services and recording fees paid by or imposed on the consumer are grouped together and subject to a **10% cumulative tolerance**. This means the creditor may charge the consumer more than the amount disclosed on the **Loan Estimate** for any of these charges so long as the total sum of the charges added together does not exceed the sum of all such charges disclosed on the **Loan Estimate** by more than 10%. (§ 1026.19(e)(3)(ii))

These charges are:

- Recording fees (Comment 19(e)(3)(ii)-4);
 - Charges for third-party services where:
 - The charge is not paid to the creditor or the creditor's affiliate (§ 1026.19(e)(3)(ii)(B)); and
 - The consumer is permitted by the creditor to **shop** for the third-party service, and the consumer selects a third-party service provider on the creditor's **written list of service providers**. (§ 1026.19(e)(3)(ii)(C); § 1026.19(e)(1)(vi); Comment 19(e)(1)(vi)-1 through 7)).
- Remember, when a creditor allows a consumer to **shop** for a third-party service and the consumer chooses a service provider not identified on the creditor's list, the charge is not subject to a **tolerance** limitation (see section 7.4 above).

What charges are subject to zero tolerance? (§ 1026.19(e)(3)(ii))

For all other charges, creditors are not permitted to charge consumers more than the amount disclosed on the **Loan Estimate** under any circumstances other than **changed circumstances** that permit a revised **Loan Estimate**, as discussed below in section 8.1.

These **zero tolerance** charges are:

- Fees paid to the creditor, mortgage broker, or an **affiliate** of either (§ 1026.19(e)(3)(ii)(B));
- Fees paid to an unaffiliated third party if the creditor did not permit the consumer to **shop** for a third party service provider for a settlement service (§ 1026.19(e)(3)(ii)(C));
or
- Transfer taxes. (Comments 19(e)(3)(i)-1 and -4)



Completed Loan Estimate (LE) Form Example

FICUS BANK

4321 Random Boulevard • Somecity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 2/15/2013
 APPLICANTS Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
 PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
 SALE PRICE \$180,000

LOAN TERM 30 years
 PURPOSE Purchase
 PRODUCT Fixed Rate
 LOAN TYPE Conventional FHA VA _____
 LOAN ID # 123456789
 RATE LOCK NO YES, until 4/16/2013 at 5:00 p.m. EDT
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/14/2013 at 5:00 p.m. EDT

| Loan Terms | Can this amount increase after closing? | |
|--|---|----|
| Loan Amount | \$162,000 | NO |
| Interest Rate | 3.875% | NO |
| Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i> | \$761.78 | NO |
| Does the loan have these features? | | |
| Prepayment Penalty | YES • As high as \$3,240 if you pay off the loan during the first 2 years | |
| Balloon Payment | NO | |

| Projected Payments | | | |
|--|------------------|---|--------------|
| Payment Calculation | Years 1-7 | | Years 8-30 |
| Principal & Interest | \$761.78 | | \$761.78 |
| Mortgage Insurance | + | 82 | + — |
| Estimated Escrow <i>Amount can increase over time</i> | + | 206 | + 206 |
| Estimated Total Monthly Payment | \$1,050 | | \$968 |
| Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i> | \$206 a month | This estimate includes <input checked="" type="checkbox"/> Property Taxes <input type="checkbox"/> <input type="checkbox"/> Other. <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i> | |
| | | In escrow? YES | |

| Costs at Closing | |
|-------------------------|--|
| Estimated Closing Costs | \$8,054 Includes \$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits. See page 2 for details. |
| Estimated Cash to Close | \$16,054 Includes Closing Costs. See Calculating Cash to Close on page 2 for details. |

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

Reference Guide – Loan Estimate (LE) Form Analysis

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Closing Cost Details

| Loan Costs | |
|-------------------------------|----------------|
| A. Origination Charges | \$1,802 |
| .25 % of Loan Amount (Points) | \$405 |
| Application Fee | \$300 |
| Underwriting Fee | \$1,097 |

| B. Services You Cannot Shop For | |
|--|--------------|
| B. Services You Cannot Shop For | \$672 |
| Appraisal Fee | \$405 |
| Credit Report Fee | \$30 |
| Flood Determination Fee | \$20 |
| Flood Monitoring Fee | \$32 |
| Tax Monitoring Fee | \$75 |
| Tax Status Research Fee | \$110 |

| C. Services You Can Shop For | |
|-------------------------------------|----------------|
| C. Services You Can Shop For | \$3,198 |
| Pest Inspection Fee | \$135 |
| Survey Fee | \$65 |
| Title – Insurance Binder | \$700 |
| Title – Lender's Title Policy | \$535 |
| Title – Settlement Agent Fee | \$502 |
| Title – Title Search | \$1,261 |

| | |
|--|----------------|
| D. TOTAL LOAN COSTS (A + B + C) | \$5,672 |
|--|----------------|

| 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 | |

| Other Costs | |
|---|--------------|
| E. Taxes and Other Government Fees | \$85 |
| Recording Fees and Other Taxes | \$85 |
| Transfer Taxes | |
| F. Prepays | \$867 |
| Homeowner's Insurance Premium (6 months) | \$605 |
| Mortgage Insurance Premium (months) | |
| Prepaid Interest (\$17.44 per day for 15 days @ 3.875%) | \$262 |
| Property Taxes (months) | |

| G. Initial Escrow Payment at Closing | |
|--|--------------|
| G. Initial Escrow Payment at Closing | \$413 |
| Homeowner's Insurance \$100.83 per month for 2 mo. | \$202 |
| Mortgage Insurance per month for mo. | |
| Property Taxes \$105.30 per month for 2 mo. | \$211 |

| H. Other | |
|---|----------------|
| H. Other | \$1,017 |
| Title – Owner's Title Policy (optional) | \$1,017 |

| | |
|---|----------------|
| I. TOTAL OTHER COSTS (E + F + G + H) | \$2,382 |
|---|----------------|

| J. TOTAL CLOSING COSTS | |
|-------------------------------|----------------|
| J. TOTAL CLOSING COSTS | \$8,054 |
| D + I | \$8,054 |
| Lender Credits | |

| Calculating Cash to Close | |
|---|-----------------|
| Total Closing Costs (J) | \$8,054 |
| Closing Costs Financed (Paid from your Loan Amount) | \$0 |
| Down Payment/Funds from Borrower | \$18,000 |
| Deposit | -\$10,000 |
| Funds for Borrower | \$0 |
| Seller Credits | \$0 |
| Adjustments and Other Credits | \$0 |
| Estimated Cash to Close | \$16,054 |

| 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 | |

LOAN ESTIMATE

Optional tables not used for Fixed rate loan Estimate

PAGE 2 OF 3 • LOAN ID # 123456789

Reference Guide – Loan Estimate (LE) Form Analysis

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Additional Information About This Loan

LENDER Ficus Bank
 NMLS/ LICENSE ID
 LOAN OFFICER Joe Smith
 NMLS/ LICENSE ID 12345
 EMAIL joesmith@ficusbank.com
 PHONE 123-456-7890

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 | \$56,582 | Total you will have paid in principal, interest, mortgage insurance, and loan costs. |
| | \$15,773 | Principal you will have paid off. |
| Annual Percentage Rate (APR) | 4.274% | Your costs over the loan term expressed as a rate. This is not your interest rate. |
| Total Interest Percentage (TIP) | 69.45% | 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 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
- 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 _____

Reference Guide – Loan Estimate (LE) Form Analysis

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Prepared by Lender - delivered to borrower only

or

Lender delegates to Title Company to certify delivery to borrower w/ date

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information

Date Issued 11/16/2015
 Closing Date 11/24/2015
 Disbursement Date 11/24/2015
 Settlement Agent New World Title
 File # 1524642
 Property [REDACTED]
 Sale Price \$1,485,000.00

Transaction Information

Borrower [REDACTED]
 Seller [REDACTED]
 Lender SunTrust Mortgage, Inc.

Loan Information

Loan Term 30 years
 Purpose Purchase
 Product Fixed Rate
 Loan Type Conventional FHA
 VA
 Loan ID # [REDACTED]
 MIC # _____

| Loan Terms | | Can this amount increase after closing? |
|--|--|---|
| Loan Amount | \$1,039,500 | NO |
| Interest Rate | 3.365% | NO |
| Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i> | \$4,589.84 | NO |
| Prepayment Penalty | Does the loan have these features? NO | |
| Balloon Payment | NO | |

| Projected Payments | | |
|---|-----------------------|---|
| Payment Calculation | Years 1-30 | |
| Principal & Interest | \$4,589.84 | |
| Mortgage Insurance | + 0 | |
| Estimated Escrow <i>Amount can increase over time</i> | + 1,242.03 | |
| Estimated Total Monthly Payment | \$5,831.87 | |
| Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i> <i>See page 4 for details</i> | \$1,283.70 a month | This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: HOA Dues <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i> |
| | | In escrow? YES YES NO |

| Costs at Closing | |
|------------------|--|
| Closing Costs | \$37,000.23 Includes \$15,775.50 in Loan Costs + \$31,619.73 in Other Costs - \$10,395.00 in Lender Credits. See page 2 for details. |
| Cash to Close | \$380,875.23 Includes Closing Costs. See Calculating Cash to Close on page 3 for details. |

Closing Cost Details

| Loan Costs | Borrower-Paid | | Seller-Paid | | Paid by Others |
|---|--------------------|----------------|-------------|----------------|----------------|
| | At Closing | Before Closing | At Closing | Before Closing | |
| A. Origination Charges | \$11,020.00 | | | | |
| 01 % of Loan Amount (Points) | | | | | |
| 02 Origination Fee | \$10,395.00 | | | | |
| 03 Processing Fee | \$625.00 | | | | |
| 04 | | | | | |
| 05 | | | | | |
| 06 | | | | | |
| 07 | | | | | |
| 08 | | | | | |
| B. Services Borrower Did Not Shop For | \$753.50 | | | | |
| 01 Appraisal Fee to Pam Pawlowski | | \$600.00 | | | |
| 02 Credit Report Fee to equifax | | \$25.00 | | | |
| 03 LOL Flood Cert to corelogic | \$6.00 | | | | |
| 04 Tax Service Fee to corelogic | \$112.00 | | | | |
| 05 UDM Alert Fee to equifax | \$10.50 | | | | |
| 06 | | | | | |
| 07 | | | | | |
| 08 | | | | | |
| 09 | | | | | |
| 10 | | | | | |
| C. Services Borrower Did Shop For | \$4,002.00 | | | | |
| 01 Title - Document Prep Fee to New World title Company,LLC | \$225.00 | | | | |
| 02 Title - Misc Closng Fee to Swift Recordings | \$45.00 | | | | |
| 03 Title - Misc Closng Fee 2 to Myles L Lichtenberg, P.A. | \$30.00 | | | | |
| 04 Title - Settlement Fee to New World Title Company, LLC | \$285.00 | | | | |
| 05 Title Examination to New World Title Company, LLC | \$395.00 | | | | |
| 06 Title Insurance to New World Title Company, LLC | \$2,617.00 | | | | |
| 07 Title Insurance Binder to New World Title Company, LLC | \$50.00 | | | | |
| 08 Title-Abstract or Title Search to LTR&A/Title Abstract & Research, Inc | \$355.00 | | | | |
| D. TOTAL LOAN COSTS (Borrower-Paid) | \$15,775.50 | | | | |
| Loan Costs Subtotals (A + B + C) | \$15,150.50 | \$625.00 | | | |
| Other Costs | | | | | |
| E. Taxes and Other Government Fees | \$14,970.00 | | | | |
| 01 Recording Fees Deed: \$95.00 Mortgage: \$60.00 | \$120.00 | | | | |
| 02 City/County Tax/Stamps to Clerk of the circuit court | \$14,850.00 | | | | |
| F. Prepays | \$10,228.10 | | | | |
| 01 Homeowner's Insurance Premium (12 mo.) to Statefarm | \$1,500.00 | | | | |
| 02 Mortgage Insurance Premium (mo.) | | | | | |
| 03 Prepaid Interest (\$95.83 per day from 11/24/15 to 12/01/15) | \$670.81 | | | | |
| 04 Property Taxes (0 mo.) to howard county | \$8,057.29 | | | | |
| 05 | | | | | |
| G. Initial Escrow Payment at Closing | \$3,726.13 | | | | |
| 01 Homeowner's Insurance \$125.00 per month for 3 mo. | \$375.00 | | | | |
| 02 Mortgage Insurance per month for mo. | | | | | |
| 03 Property Taxes \$1,117.03 per month for 4 mo. | \$4,468.12 | | | | |
| 04 | | | | | |
| 05 | | | | | |
| 06 | | | | | |
| 07 | | | | | |
| 08 Aggregate Adjustment | -\$1,116.99 | | | | |
| H. Other | \$2,695.50 | | | | |
| 01 Other Non-GFE fees to Long & Foster Real Estate, Inc. | \$345.00 | | | | |
| 02 Title - Owner's Title to new world title company | \$2,350.50 | | | | |
| 03 | | | | | |
| 04 | | | | | |
| 05 | | | | | |
| 06 | | | | | |
| 07 | | | | | |
| 08 | | | | | |
| I. TOTAL OTHER COSTS (Borrower-Paid) | \$31,619.73 | | | | |
| Other Costs Subtotals (E + F + G + H) | \$31,619.73 | | | | |
| J. TOTAL CLOSING COSTS (Borrower-Paid) | \$37,000.23 | | | | |
| Closing Costs Subtotals (D + I) | \$46,770.23 | \$625.00 | | | |
| Lender Credits | -\$10,395.00 | | | | |

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

| | Loan Estimate | Final | Did this change? |
|--|---------------------|---------------------|--|
| Total Closing Costs (J) | \$43,355.00 | \$37,000.23 | YES • See Total Loan Costs (D) and Total Other Costs (I) |
| Closing Costs Paid Before Closing | \$0 | – \$625.00 | YES • You paid these Closing Costs before closing |
| Closing Costs Financed (Paid from your Loan Amount) | \$0 | \$0 | NO |
| Down Payment/Funds from Borrower | \$445,500.00 | \$445,500.00 | NO |
| Deposit | – \$100,000.00 | – \$100,000.00 | NO |
| Funds for Borrower | \$0 | \$0 | NO |
| Seller Credits | – \$14,850.00 | \$0 | YES • See Seller Credits in Section L |
| Adjustments and Other Credits | \$0 | – \$1,000.00 | YES • See details in Sections K and L |
| Cash to Close | \$374,005.00 | \$380,875.23 | |

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

| | |
|--|-----------------------|
| K. Due from Borrower at Closing | \$1,521,375.23 |
| ☐ Sale Price of Property | \$1,485,000.00 |
| ☐ Sale Price of Any Personal Property Included in Sale | \$0.00 |
| ☐ Closing Costs Paid at Closing (J) | \$36,375.23 |

Adjustments

Adjustments for Items Paid by Seller in Advance

| | |
|-------------------|----|
| ☐ City/Town Taxes | to |
| ☐ County Taxes | to |
| ☐ Assessments | to |

| | |
|---|-----------------------|
| L. Paid Already by or on Behalf of Borrower at Closing | \$1,140,500.00 |
| ☐ Deposit | \$100,000.00 |
| ☐ Loan Amount | \$1,039,500.00 |
| ☐ Existing Loan(s) Assumed or Taken Subject to | \$0.00 |

Seller Credit

| | |
|-----------------|------------|
| ☐ seller Credit | \$1,000.00 |
|-----------------|------------|

Adjustments

Adjustments for Items Unpaid by Seller

| | |
|-------------------|----|
| ☐ City/Town Taxes | to |
| ☐ County Taxes | to |
| ☐ Assessments | to |

CALCULATION

| | |
|--|---------------------|
| Total Due from Borrower at Closing (K) | \$1,521,375.23 |
| Total Paid Already by or on Behalf of Borrower at Closing (L) | – \$1,140,500.00 |
| Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower | \$380,875.23 |

SELLER'S TRANSACTION

| | |
|--|-----------------------|
| M. Due to Seller at Closing | \$1,485,000.00 |
| ☐ Sale Price of Property | \$1,485,000.00 |
| ☐ Sale Price of Any Personal Property Included in Sale | \$0.00 |

Adjustments for Items Paid by Seller in Advance

| | |
|-------------------|----|
| ☐ City/Town Taxes | to |
| ☐ County Taxes | to |
| ☐ Assessments | to |

| | |
|--------------------------------------|---------------|
| N. Due from Seller at Closing | \$0.00 |
|--------------------------------------|---------------|

| | |
|--|--------|
| ☐ Excess Deposit | |
| ☐ Closing Costs Paid at Closing (J) | |
| ☐ Existing Loan(s) Assumed or Taken Subject to | \$0.00 |
| ☐ Payoff of First Mortgage Loan | |
| ☐ Payoff of Second Mortgage Loan | |

Seller Credit

Adjustments for Items Unpaid by Seller

| | |
|-------------------|----|
| ☐ City/Town Taxes | to |
| ☐ County Taxes | to |
| ☐ Assessments | to |

CALCULATION

| | |
|---|-----------------------|
| Total Due to Seller at Closing (M) | \$1,485,000.00 |
| Total Due from Seller at Closing (N) | \$0.00 |
| Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller | \$1,485,000.00 |

Additional Information About This Loan

Loan Disclosures

Assumption

If you sell or transfer this property to another person, your lender

- 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.

Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5 percent of the Principal and Interest. However, this charge will not be greater than \$9,999.99.

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in the real property located at: 13717 Springdale Drive, Clarksville, MD 21029

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

| Escrow | | |
|---|-------------|---|
| Escrowed Property Costs over Year 1 | \$14,904.40 | Estimated total amount over year 1 for your escrowed property costs: <i>Hazard Insurance Escrow, County Property Tax</i> |
| Non-Escrowed Property Costs over Year 1 | \$500.04 | Estimated total amount over year 1 for your non-escrowed property costs: <i>HOA Dues</i> You may have other property costs. |
| Initial Escrow Payment | \$3,726.13 | A cushion for the escrow account you pay at closing. See Section G on page 2. |
| Monthly Escrow Payment | \$1,242.03 | The amount included in your total monthly payment. |

- will not have an escrow account because you declined it your lender does not require or offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

| No Escrow | | |
|--------------------------------------|--|--|
| Estimated Property Costs over Year 1 | | Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year. |
| Escrow Waiver Fee | | |

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Loan Calculations

| | |
|--|----------------|
| Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled. | \$1,668,787.47 |
| Finance Charge. The dollar amount the loan will cost you. | \$614,550.47 |
| Amount Financed. The loan amount available after paying your upfront finance charge. | \$1,037,790.69 |
| Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate. | 3.373% |
| Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount. | 59.02% |

Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

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.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

| | Lender | Mortgage Broker | Real Estate Broker (B) | Real Estate Broker (S) | Settlement Agent |
|------------------------------|---------------------------------------|-----------------|---------------------------------|------------------------|---|
| Name | SunTrust Mortgage, Inc. | | Long and Foster Real Estate Inc | | New World Title |
| Address | 901 Semmes Ave. Richmond, VA 23224 | | [REDACTED] | | 1407 York Road Lutherville, MD 21093 |
| NMLS ID | 2915 | | | | |
| MD License ID | | | | | 99921152 |
| Contact | [REDACTED] | | [REDACTED] | | Myles Lichtenberg |
| Contact NMLS ID | | | | | |
| Contact MD License ID | | | | | 99921152 |
| Email | [REDACTED] | | | | myles@mylestitle.com |
| Phone | [REDACTED] | | [REDACTED] | | (410)458-8975 |

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.

To: New World Title

Address: 1407 York Road
Lutherville, MD 21093

Phone: 410-458-8975

FAX:

Contact name: Myles Lichtenberg

Re: CLOSING DISCLOSURE REVIEW/APPROVAL

Date: November 24, 2015

Borrower Name: Suzanne N Harutunian and Henric Harutunian

Property address: [REDACTED]

Loan #: [REDACTED]

Title #:

Closing Date: November 24, 2015

Ladies and Gentlemen,

Enclosed herewith please find a copy of the Borrowers Closing Disclosure which we have prepared based upon the information provided by you as Settlement Agent. SunTrust Mortgage Inc. will be delivering the Closing Disclosure to the Borrower(s).

Please carefully review the disclosure and contact the undersigned immediately if there are any changes or corrections to the settlement charges reflected in the disclosure. If there are no changes or corrections please sign below and return this form to the undersigned via email. Thank you for your immediate attention to this request.

Sincerely,

[REDACTED]
Phone: [REDACTED]
FAX: [REDACTED]
E-mail: [REDACTED]@SunTrust.com

Approved

Closing Disclosure

Prepared by Title Company - Sent to Seller

Closing Information

Date Issued 11/16/2015
 Closing Date 11/24/2015
 Disbursement Date 11/24/2015
 Settlement Agent New World Title Company, LLC
 File # 1524642
 Property [REDACTED]
 Sale Price \$1,485,000.00

Transaction Information

Borrower [REDACTED]
 Seller [REDACTED]

Summaries of Transactions

SELLER'S TRANSACTION

| | | |
|--|-------------------------|----------------|
| Due to Seller at Closing | | \$1,493,057.29 |
| 01 Sale Price of Property | | \$1,485,000.00 |
| 02 Sale Price of Any Personal Property Included in Sale | | |
| 03 | | |
| 04 | | |
| 05 | | |
| 06 | | |
| 07 | | |
| 08 | | |
| Adjustments for Items Paid by Seller in Advance | | |
| 09 County Property taxes | 11/24/2015 to 6/30/2016 | \$8,057.29 |
| 10 Water/Sewer | | |
| 11 Prorated Ground Rent | | |
| 12 Prorated Rent | | |
| 13 | | |
| 14 | | |
| 15 Seller Credit | | |
| 16 | | |
| Due from Seller at Closing | | \$118,649.40 |
| 01 Excess Deposit | | |
| 02 Closing Costs Paid at Closing (I) | | \$117,649.40 |
| 03 Existing Loan(s) Assumed or Taken Subject to | | |
| 04 Payoff of First Mortgage Loan | | |
| 05 Payoff of Second Mortgage Loan | | |
| 06 | | |
| 07 Seller Credit | | \$1,000.00 |
| 08 | | |
| 09 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| Adjustments for Items Unpaid by Seller | | |
| 14 County Property taxes | | |
| 15 Water/Sewer | 10/1/2015 to 11/24/2015 | |
| 16 Prorated Ground Rent | 7/1/2015 to 11/24/2015 | |
| 17 Prorated Rent | 11/1/2015 to 11/24/2015 | |
| 18 | 1/1/2015 to 11/24/2015 | |
| 19 | 1/1/2015 to 11/24/2015 | |
| CALCULATION | | |
| Total Due to Seller at Closing | | \$1,493,057.29 |
| Total Due from Seller at Closing | | -\$118,649.40 |
| Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller | | \$1,374,407.89 |

Contact Information

REAL ESTATE BROKER (B)

Name Long & Foster Real Estate, Inc.
 Address [REDACTED]
 MD License ID [REDACTED]
 Contact [REDACTED]
 Contact MD License ID [REDACTED]
 Email [REDACTED]
 Phone [REDACTED]

REAL ESTATE BROKER (S)

Name Weichert Realtors - New Colony
 Address [REDACTED]
 MD License ID [REDACTED]
 Contact [REDACTED]
 Contact MD License ID [REDACTED]
 Email [REDACTED]
 Phone [REDACTED]

SETTLEMENT AGENT

Name New World Title Company, LLC
 Address 1407 York Road, Suite 304
 Lutherville, MD 21093
 MD License ID MD 41762
 Contact Myles L. Lichtenberg
 Contact MD License ID [REDACTED]
 Email Myles@MylesTitle.com
 Phone 410-458-8975



Questions? If you have questions about the loan terms or costs on this form, use the contact information above. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Closing Cost Details

| | | | Seller-Paid | |
|--|---|--|---------------------|----------------|
| | | | At Closing | Before Closing |
| Loan Costs | | | | |
| A. Origination Charges | | | | |
| 01 | 1% of Loan Amount (Points) | to Suntrust Mortgage, Inc. | | |
| 02 | Processing Fee | to Suntrust Mortgage, Inc. | | |
| B. Services Borrower Did Not Shop For | | | | |
| 01 | Appraisal Fee | to Pam Pawlowski | | |
| 02 | Credit Report Fee | to Equifax | | |
| 03 | LOL Flood Cert | to Corelogic | | |
| 04 | Tax Service Fee | to Corelogic | | |
| 05 | UDM Alert Fee | to Equifax | | |
| C. Services Borrower Did Shop For | | | | |
| 01 | Title - Abstract | to LTR&A/Title Abstract & Research, Inc. | | |
| 02 | Title - Document Preparation | to New World Title Company, LLC | | |
| 03 | Title - Judgment Report Reimbursement | to Myles L. Lichtenberg, P.A. | | |
| 04 | Title - Lender's Title Insurance | to New World Title Company, LLC | | |
| 05 | Title - Lien Certificate Reimbursement | to New World Title Company, LLC | | |
| 06 | Title - Recording Service Fee | to Swift Recordings | | |
| 07 | Title - Settlement Fee | to New World Title Company, LLC | | |
| 08 | Title - Title Exam | to New World Title Company, LLC | | |
| 09 | Title - Title Insurance Binder | to New World Title Company, LLC | | |
| Other Costs | | | | |
| E. Taxes and Other Government Fees | | | \$14,850.00 | |
| 01 | Recording Fees | Deed: \$60.00 Mortgage: \$60.00 | | |
| | | to CLERK OF THE CIRCUIT COURT | | |
| 02 | Transfer Tax | to CLERK OF THE CIRCUIT COURT | \$14,850.00 | |
| F. Prepays | | | | |
| 01 | Homeowner's Insurance Premium (12 mo.) | to State Farm | | |
| 02 | Mortgage Insurance Premium (mo.) | to | | |
| 03 | Prepaid Interest (\$95.83 per day from 11/24/2015 to 12/1/2015) | to Suntrust Mortgage, Inc. | | |
| 04 | Property Taxes (mo.) | to | | |
| G. Initial Escrow Payment at Closing to Suntrust Mortgage, Inc. | | | | |
| 01 | Homeowner's Insurance | \$125.00 per month for 3 mo. | | |
| 02 | Mortgage Insurance | per month for mo. | | |
| 03 | Property Taxes | per month for mo. | | |
| 04 | City Property Taxes | per month for mo. | | |
| 05 | County Property Taxes | \$1,117.03 per month for 4 mo. | | |
| 06 | Assessment Taxes | per month for mo. | | |
| 07 | School Property Taxes | per month for mo. | | |
| 08 | MUD Taxes | per month for mo. | | |
| 09 | Other Taxes | per month for mo. | | |
| 10 | Aggregate Adjustment | | | |
| H. Other | | | \$102,799.40 | |
| 01 | Other Non-GFE Fee | to Long & Foster Real Estate, Inc. | | |
| 02 | Pay 2015/2016 County Taxes | to CLERK OF THE CIRCUIT COURT | \$13,404.40 | |
| 03 | Real Estate Commission | to Long & Foster Real Estate, Inc. | \$44,550.00 | |
| 04 | Real Estate Commission | to Weichert Realtors - New Colony | \$44,550.00 | |
| 05 | Real Estate Commission | to Weichert Realtors - New Colony | \$295.00 | |
| 06 | Title - Owner's Title Insurance (Optional) | to New World Title Company, LLC | | |
| J. TOTAL CLOSING COSTS | | | \$117,649.40 | |

[REDACTED] LLC, a Maryland limited liability company

By: [REDACTED] Member

By: [REDACTED] Member

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information

Date Issued 11/16/2015
 Closing Date 11/24/2015
 Disbursement Date 11/24/2015
 Settlement Agent New World Title
 Company, LLC

File #
 Property

1524642

Sale Price

\$1,485,000.00

Transaction Information

Borrower

Seller

Lender

Loan Information

Loan Term

Purpose Purchase
 Product Fixed Rate

Loan Type Conventional FHA
 VA

Loan ID # 4000386492
 MIC #

Loan Terms

Can this amount increase after closing?

| | | | |
|--|-------------|----|---|
| Loan Amount | \$1,039,500 | NO | Prepared by Title Company for borrower & seller (when delegated by lender for Title Company to prepare CD) |
| Interest Rate | 3.365% | NO | |
| Monthly Principal & Interest <i>See Projected payments below for your Estimated Total Monthly Payment</i> | \$4,589.84 | NO | |
| Does the loan have these features? | | | |
| Prepayment Penalty | | NO | |
| Balloon Payment | | NO | |

Projected Payments

| Payment Calculation | Years 1-30 | Years - | | | | | | | | |
|--|------------------------------|--|-------------------------------|-------------------|--|------------|---|------------|---|-----------|
| Principal & Interest | \$4,589.84 | _____ | | | | | | | | |
| Mortgage Insurance | + | + | | | | | | | | |
| Estimated Escrow <i>Amount can increase over time</i> | \$1,242.03 | + | | | | | | | | |
| Estimated Total Monthly Payment | \$5,831.87 | | | | | | | | | |
| Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i> | \$1,283.70 monthly | <table border="0"> <tr> <td>This estimate includes</td> <td>In escrow?</td> </tr> <tr> <td><input checked="" type="checkbox"/> Property Taxes</td> <td>YES</td> </tr> <tr> <td><input checked="" type="checkbox"/> Homeowner's Insurance</td> <td>YES</td> </tr> <tr> <td><input checked="" type="checkbox"/> Other: Homeowner Assoc Dues</td> <td>NO</td> </tr> </table> <p><i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i></p> | This estimate includes | In escrow? | <input checked="" type="checkbox"/> Property Taxes | YES | <input checked="" type="checkbox"/> Homeowner's Insurance | YES | <input checked="" type="checkbox"/> Other: Homeowner Assoc Dues | NO |
| This estimate includes | In escrow? | | | | | | | | | |
| <input checked="" type="checkbox"/> Property Taxes | YES | | | | | | | | | |
| <input checked="" type="checkbox"/> Homeowner's Insurance | YES | | | | | | | | | |
| <input checked="" type="checkbox"/> Other: Homeowner Assoc Dues | NO | | | | | | | | | |

Costs at Closing

| | | |
|---------------|---------------------|---|
| Closing Costs | \$28,942.94 | Includes \$15,775.50 in Loan Costs + \$23,562.44 in Other Costs - \$10,395.00 in Lender Credits. <i>See page 2 for details.</i> |
| Cash to Close | \$380,875.23 | Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i> |

Closing Cost Details

| Loan Costs | Borrower-Paid | | Seller-Paid | | Paid by |
|---|--------------------|----------------|-------------|----------------|---------|
| | At Closing | Before Closing | At Closing | Before Closing | Others |
| A. Origination Charges | \$11,020.00 | | | | |
| 01 1% of Loan Amount (Points) to Suntrust Mortgage, Inc. | \$10,395.00 | | | | |
| 02 Processing Fee to Suntrust Mortgage, Inc. | \$625.00 | | | | |
| B. Services Borrower Did Not Shop For | \$753.50 | | | | |
| 01 Appraisal Fee to Pam Pawlowski | | \$600.00 | | | |
| 02 Credit Report Fee to Equifax | | \$25.00 | | | |
| 03 LOL Flood Cert to Corelogic | \$6.00 | | | | |
| 04 Tax Service Fee to Corelogic | \$112.00 | | | | |
| 05 UDM Alert Fee to Equifax | \$10.50 | | | | |
| C. Services Borrower Did Shop For | \$4,002.00 | | | | |
| 01 Title - Abstract to LTR&A/Title Abstract & Research, Inc. | \$355.00 | | | | |
| 02 Title - Document Preparation to New World Title Company, LLC | \$225.00 | | | | |
| 03 Title - Judgment Report Reimbursement to Myles L. Lichtenberg, P.A. | \$30.00 | | | | |
| 04 Title - Lender's Title Insurance to New World Title Company, LLC | \$2,617.00 | | | | |
| 05 Title - Lien Certificate Reimbursement to New World Title Company, LLC | \$35.00 | | | | |
| 06 Title - Recording Service Fee to Swift Recordings | \$45.00 | | | | |
| 07 Title - Settlement Fee to New World Title Company, LLC | \$250.00 | | | | |
| 08 Title - Title Exam to New World Title Company, LLC | \$395.00 | | | | |
| 09 Title - Title Insurance Binder to New World Title Company, LLC | \$50.00 | | | | |
| D. TOTAL LOAN COSTS (Borrower-Paid) | \$15,775.50 | | | | |
| Loan Costs Subtotals (A + B + C) | \$15,150.50 | \$625.00 | | | |

| Other Costs | | | | | |
|--|--|--------------------|--|-------------|--|
| E. Taxes and Other Government Fees | | \$14,970.00 | | | |
| 01 Recording Fees | Deed: \$60.00 Mortgage: \$60.00 to CLERK OF THE CIRCUIT COURT | \$120.00 | | | |
| 02 Transfer Tax | to CLERK OF THE CIRCUIT COURT | \$14,850.00 | | \$14,850.00 | |
| F. Prepays | | \$2,170.81 | | | |
| 01 Homeowner's Insurance Premium (12 mo.) | to State Farm | \$1,500.00 | | | |
| 02 Mortgage Insurance Premium (mo.) | to | | | | |
| 03 Prepaid Interest (\$95.83 per day from 11/24/2015 to 12/1/2015) | to Suntrust Mortgage, Inc. | \$670.81 | | | |
| 04 Property Taxes (mo.) | to | | | | |
| G. Initial Escrow Payment at Closing to Suntrust Mortgage, Inc. | | \$3,726.13 | | | |
| 01 Homeowner's Insurance | \$125.00 per month for 3 mo. | \$375.00 | | | |
| 02 Mortgage Insurance | per month for mo. | | | | |
| 03 Property Taxes | per month for mo. | | | | |
| 04 City Property Taxes | per month for mo. | | | | |
| 05 County Property Taxes | \$1,117.03 per month for 4 mo. | \$4,468.12 | | | |
| 06 Assessment Taxes | per month for mo. | | | | |
| 07 School Property Taxes | per month for mo. | | | | |
| 08 MUD Taxes | per month for mo. | | | | |
| 09 Other Taxes | per month for mo. | | | | |
| 10 Aggregate Adjustment | | -\$1,116.99 | | | |
| H. Other | | \$2,695.50 | | | |
| 01 Other Non-GFE Fee | to Long & Foster Real Estate, Inc. | \$345.00 | | | |
| 02 Pay 2015/2016 County Taxes | to CLERK OF THE CIRCUIT COURT | | | \$13,404.40 | |

| | | | | | | | | |
|---|--|----|---------------------------------|-------------|----------|--------------------|--|--|
| 03 | Real Estate Commission | to | Long & Foster Real Estate, Inc. | | | \$44,550.00 | | |
| 04 | Real Estate Commission | to | Weichert Realtors - New Colony | | | \$44,550.00 | | |
| 05 | Real Estate Commission | to | Weichert Realtors - New Colony | | | \$295.00 | | |
| 06 | Title - Owner's Title Insurance (Optional) | to | New World Title Company, LLC | \$2,350.50 | | | | |
| I. TOTAL OTHER COSTS (Borrower-Paid) | | | | | | \$23,562.44 | | |
| Other Costs Subtotals (E + F + G + H) | | | | \$23,562.44 | | | | |
| J. TOTAL CLOSING COSTS (Borrower-Paid) | | | | | | \$28,942.94 | | |
| Closing Costs Subtotals (D + I) | | | | \$38,712.94 | \$625.00 | \$117,649.40 | | |
| Lender Credits | | | | \$10,395.00 | | | | |

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

| | Loan Estimate | Final | Did this change? |
|--|---------------------|---------------------|--|
| Total Closing Costs (J) | \$0.00 | \$39,337.94 | YES • See Total Loan Costs (D) and Total Other Costs (I) |
| Closing Costs Paid Before Closing | \$0.00 | -\$625.00 | YES • You paid these Closing Costs before closing |
| Closing Costs Financed (Paid from your Loan Amount) | \$0.00 | \$0.00 | NO |
| Down Payment/Funds from Borrower | \$445,500.00 | \$445,500.00 | NO |
| Deposit | -\$100,000.00 | -\$100,000.00 | NO |
| Funds for Borrower | \$0.00 | \$0.00 | NO |
| Seller Credits | -\$14,850.00 | \$0.00 | YES • See Seller Credits in Section L |
| Adjustments and Other Credits | \$0.00 | -\$3,337.71 | YES • See details in Sections K and L |
| Cash to Close | \$330,650.00 | \$380,875.23 | |

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

| | |
|--|-----------------------|
| K. Due from Borrower at Closing | \$1,531,770.23 |
| 01 Sale Price of Property | \$1,485,000.00 |
| 02 Sale Price of Any Personal Property Included in Sale | |
| 03 Closing Costs Paid at Closing (J) | \$38,712.94 |
| 04 | |
| Adjustments | |
| 05 | |
| 06 | |
| 07 | |
| Adjustments for Items Paid by Seller in Advance | |
| 08 County Property taxes 11/24/2015 to 6/30/2016 | \$8,057.29 |
| 09 Water/Sewer | |
| 10 Prorated Ground Rent | |
| 11 Prorated Rent | |
| 12 | |
| 13 | |
| 14 | |
| 15 | |
| L. Paid Already by or on Behalf of Borrower at Closing | \$1,150,895.00 |
| 01 Deposit | \$100,000.00 |
| 02 Loan Amount | \$1,039,500.00 |
| 03 Existing Loan(s) Assumed or Taken Subject to | |
| 04 | |
| 05 | |
| Other Credits | |
| 06 Lender Credits | \$10,395.00 |
| 07 Seller Credit | \$1,000.00 |
| Adjustments | |
| 08 | |
| 09 | |
| 10 | |
| 11 | |
| Adjustments for Items Unpaid by Seller | |
| 12 County Property taxes | |
| 13 Water/Sewer 10/1/2015 to 11/24/2015 | |
| 14 Prorated Ground Rent 7/1/2015 to 11/24/2015 | |
| 15 Prorated Rent 11/1/2015 to 11/24/2015 | |
| 16 1/1/2015 to 11/24/2015 | |
| 17 1/1/2015 to 11/24/2015 | |
| CALCULATION | |
| Total Due from Borrower at Closing (K) | \$1,531,770.23 |
| Total Paid Already by or on Behalf of Borrower at Closing (L) | - |
| | \$1,150,895.00 |
| Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower | \$380,875.23 |

SELLER'S TRANSACTION

| | |
|---|-----------------------|
| M. Due to Seller at Closing | \$1,493,057.29 |
| 01 Sale Price of Property | \$1,485,000.00 |
| 02 Sale Price of Any Personal Property Included in Sale | |
| 03 | |
| 04 | |
| 05 | |
| 06 | |
| 07 | |
| 08 | |
| Adjustments for Items Paid by Seller in Advance | |
| 09 County Property taxes 11/24/2015 to 6/30/2016 | \$8,057.29 |
| 10 Water/Sewer | |
| 11 Prorated Ground Rent | |
| 12 Prorated Rent | |
| 13 | |
| 14 | |
| 15 Seller Credit | |
| 16 | |
| N. Due from Seller at Closing | \$118,649.40 |
| 01 Excess Deposit | |
| 02 Closing Costs Paid at Closing (J) | \$117,649.40 |
| 03 Existing Loan(s) Assumed or Taken Subject to | |
| 04 Payoff of First Mortgage Loan | |
| 05 Payoff of Second Mortgage Loan | |
| 06 | |
| 07 Seller Credit | \$1,000.00 |
| 08 | |
| 09 | |
| 10 | |
| 11 | |
| 12 | |
| 13 | |
| Adjustments for Items Unpaid by Seller | |
| 14 County Property taxes | |
| 15 Water/Sewer 10/1/2015 to 11/24/2015 | |
| 16 Prorated Ground Rent 7/1/2015 to 11/24/2015 | |
| 17 Prorated Rent 11/1/2015 to 11/24/2015 | |
| 18 1/1/2015 to 11/24/2015 | |
| 19 1/1/2015 to 11/24/2015 | |
| CALCULATION | |
| Total Due to Seller at Closing (M) | \$1,493,057.29 |
| Total Due from Seller at Closing (N) | -\$118,649.40 |
| Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller | \$1,374,407.89 |

Loan Disclosures

Assumption

If you sell or transfer this property to another person, your lender

- 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.

Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

Late Payment

If your payment is more than _____ days late, your lender will charge a late fee of .

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in
 13717 S. Springdale Drive
 Clarksville, MD 21029

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

- will have an escrow account (also called an “impound” or “trust” account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

| Escrow | | |
|---|-------------|---|
| Escrowed Property Costs over Year 1 | \$14,904.36 | Estimated total amount over year 1 for your escrowed property costs: <i>Homeowner's Insurance</i> <i>Property Taxes</i> |
| Non-Escrowed Property Costs over Year 1 | \$500.04 | Estimated total amount over year 1 for your non-escrowed property costs: <i>HOA Dues</i> You may have other property costs. |
| Initial Escrow Payment | \$3,726.13 | A cushion for the escrow account you pay at closing. See Section G on Page 2. |
| Monthly Escrow Payment | \$1,242.03 | The amount included in your total monthly payment. |

- will not have an escrow account because you declined it your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner’s insurance. Contact your lender to ask if your loan can have an escrow account.

| No Escrow | | |
|--------------------------------------|--|--|
| Estimated Property Costs over Year 1 | | Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year. |
| Escrow Waiver Fee | | |

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Loan Calculations

| | |
|---|----------------|
| Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled | \$1,668,787.47 |
| Finance Charge. The dollar amount the loan will cost you. | \$614,550.47 |
| Amount Financed. The loan amount available after paying your upfront finance charge. | \$1,037,790.69 |
| Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate. | 3.373% |
| Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount. | 59.02% |



Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

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.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

| | Lender | Real Estate Broker(B) | Real Estate Broker(S) | Settlement Agent |
|------------------------------|-------------------------|---------------------------------|--------------------------------|--|
| Name | Suntrust Mortgage, Inc. | Long & Foster Real Estate, Inc. | Weichert Realtors - New Colony | New World Title Company, LLC |
| Address | [REDACTED] | [REDACTED] | [REDACTED] | 1407 York Road, Suite 304 Lutherville, MD 21093 |
| NMLSID | | | | |
| MD License ID | | | | MD 41762 |
| Contact | | [REDACTED] | [REDACTED] | Myles L. Lichtenberg |
| Contact NMLS ID | | | | |
| Contact MD License ID | | | | |
| Email | | [REDACTED] | [REDACTED] | Myles@MylesTitle.com |
| Phone | | [REDACTED] | [REDACTED] | 410-458-8975 |

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

American Land Title Association

ALTA Settlement Statement - Combined

Adopted 05-01-2015

File No./Escrow No.: 1524642
 Print Date & Time: 11/18/15 9:56 AM
 Officer/Escrow Officer: Myles L. Lichtenberg
 Settlement Location: New World Title Company, LLC

New World Title Company, LLC
 ALTA Universal ID:
 1407 York Road, Suite 304
 Lutherville, MD 21093

Property Address:

*** Error Retrieving Data : InsertDoc Does not exist ***

Buyer:

[REDACTED]

Seller:

[REDACTED] LLC, a Maryland limited liability company

Lender:

Suntrust Mortgage, Inc.

Settlement Date:

11/24/2015

Disbursement Date:

11/24/2015

Additional dates per state requirements:

| Seller | | Description | Borrower/Buyer | |
|------------|----------------|--|----------------|----------------|
| Debit | Credit | | Debit | Credit |
| | | Financial | | |
| | | Deposit | | \$100,000.00 |
| | | Loan Amount | | \$1,039,500.00 |
| | \$1,485,000.00 | Sale Price of Property | \$1,485,000.00 | |
| | | | 0 | |
| | | Prorations/Adjustments | | |
| | \$8,057.29 | County Property taxes from 11/24/2015 to 06/30/2016 | \$8,057.29 | |
| | | Lender Credits | | \$10,395.00 |
| | | Seller Credit | | \$1,000.00 |
| \$1,000.00 | | Seller Credit | | |
| | | Loan Charges to Suntrust Mortgage, Inc. | | |
| | | 1% of Loan Amount (Points) | \$10,395.00 | |
| | | Prepaid Interest (\$95.83 per day from 11/24/2015 to 12/01/2015) | \$670.81 | |
| | | Processing Fee | \$625.00 | |
| | | LOL Flood Cert to Corelogic | \$6.00 | |
| | | UDM Alert Fee to Equifax | \$10.50 | |
| | | Other Loan Charges | | |
| | | Tax Service Fee to Corelogic | \$112.00 | |
| | | Impounds | | |
| | | Aggregate Adjustment | -\$1,116.99 | |
| | | County Property Taxes 1117.03 per month for 4 mo. | \$4,468.12 | |

| Seller | | Description | Borrower/Buyer | |
|----------------|----------------|--|----------------|----------------|
| Debit | Credit | | Debit | Credit |
| | | Homeowner's Insurance 125.00 per month for 3 mo. | \$375.00 | |
| | | Title Charges & Escrow / Settlement Charges | | |
| | | Title - Abstract to LTR&A/Title Abstract & Research, Inc. | \$355.00 | |
| | | Title - Document Preparation to New World Title Company, LLC | \$225.00 | |
| | | Title - Judgment Report Reimbursement to Myles L. Lichtenberg, P.A. | \$30.00 | |
| | | Title - Lender's Title Insurance to New World Title Company, LLC | \$2,617.00 | |
| | | Title - Lien Certificate Reimbursement to New World Title Company, LLC | \$35.00 | |
| | | Title - Recording Service Fee to Swift Recordings | \$45.00 | |
| | | Title - Settlement Fee to New World Title Company, LLC | \$250.00 | |
| | | Title - Title Exam to New World Title Company, LLC | \$395.00 | |
| | | Title - Title Insurance Binder to New World Title Company, LLC | \$50.00 | |
| | | Title - Owner's Title Insurance (Optional) to New World Title Company, LLC | \$2,350.50 | |
| | | Commission | | |
| | | Other Non-GFE Fee to Long & Foster Real Estate, Inc. | \$345.00 | |
| \$44,550.00 | | Real Estate Commission to Long & Foster Real Estate, Inc. | | |
| \$44,550.00 | | Real Estate Commission to Weichert Realtors - New Colony | | |
| \$295.00 | | Real Estate Commission to Weichert Realtors - New Colony | | |
| | | Government Recording and Transfer Charges | | |
| | | Recording Fee (Deed) to CLERK OF THE CIRCUIT COURT | \$60.00 | |
| | | Recording Fee (Mortgage) to CLERK OF THE CIRCUIT COURT | \$60.00 | |
| \$14,850.00 | | Transfer Tax to CLERK OF THE CIRCUIT COURT | \$14,850.00 | |
| | | Miscellaneous | | |
| | | Homeowner's Insurance Premium to State Farm | \$1,500.00 | |
| \$13,404.40 | | Pay 2015/2016 County Taxes to CLERK OF THE CIRCUIT COURT | | |
| \$5,000.00 | | Final Walk Through Escrow to ESCROW | | |
| | | | | |
| Seller | | Description | Borrower/Buyer | |
| Debit | Credit | | Debit | Credit |
| \$123,649.40 | \$1,493,057.29 | Subtotals | \$1,531,770.23 | \$1,150,895.00 |
| | | Due From Borrower | | \$380,875.23 |
| \$1,369,407.89 | | Due To Seller | | |
| \$1,493,057.29 | \$1,493,057.29 | Totals | \$1,531,770.23 | \$1,531,770.23 |

Acknowledgement

We/I have carefully reviewed the ALTA Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the ALTA Settlement Statement. We/I authorize New World Title Company, LLC to cause the funds to be disbursed in accordance with this statement.

_____, LLC, a Maryland limited liability company

Date

By: _____
_____ Member

Date

By: _____
_____ Member

Myles L. Lichtenberg

Date



A. Settlement Statement (HUD-1)

"Old" Form
Settlement
Statement
for Title Company
Disbursement /
Checks + Balances

| B. Type of Loan | | | |
|--|---------------------------------------|--|------------------------------|
| 1. <input type="checkbox"/> FHA | 2. <input type="checkbox"/> RHS | 3. <input type="checkbox"/> Conv Unins | 6. File Number 1524642 |
| 4. <input type="checkbox"/> VA | 5. <input type="checkbox"/> Conv Ins. | 6. <input type="checkbox"/> Seller Fin | 7. Loan Number 4000386492 |
| 7. <input type="checkbox"/> Cash Sale. | 8. Mortgage Ins Case Number | | |
| C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals. | | | |
| D. Name & Address of Borrower [Redacted] 1029 | | E. Name & Address of Seller [Redacted] G LLC, a Maryland limited | |
| G. Property Location [Redacted] ve | | H. Settlement Agent Name New World Title Company, LLC 1407 York Road, Suite 304 Lutherville, MD 21093 (410) 296-0067 Underwritten By: First American Title Insurance Company Place of Settlement New World Title Company, LLC 1407 York Road, Suite 304 Lutherville, MD 21093 | |
| | | I. Settlement Date 11/24/2015 Fund: 11/24/2015 | |

J. Summary of Borrower's Transaction

| | |
|---|----------------|
| 100. Gross Amount Due from Borrower | |
| 101. Contract sales price | \$1,485,000.00 |
| 102. Personal property | |
| 103. Settlement charges to borrower | \$38,712.94 |
| 104. | |
| 105. | |
| Adjustments for items paid by seller in advance | |
| 106. County Property taxes 11/24/15 to 06/30/16 | \$8,057.29 |
| 107. Water/Sewer | |
| 108. Prorated Ground Rent | |
| 109. Prorated Rent | |
| 110. | |
| 111. | |
| 112. | |
| 113. | |
| 114. | |
| 115. | |
| 116. | |
| 120. Gross Amount Due From Borrower | \$1,531,770.23 |
| 200. Amounts Paid By Or in Behalf Of Borrower | |
| 201. Deposit or earnest money | \$100,000.00 |
| 202. Principal amount of new loan(s) | \$1,039,500.00 |
| 203. Existing loan(s) taken subject to | |
| 204. | |
| 205. | |
| 206. | |
| 207. | |
| 208. | |
| 209. | |
| Adjustments for items unpaid by seller | |
| 210. County Property taxes | |
| 211. Water/Sewer | |
| 212. Prorated Ground Rent | |
| 213. Prorated Rent | |
| 214. | |
| 215. | |
| 216. | |
| 217. | |
| 218. Seller Credit | \$1,000.00 |
| 219. Lender Credit | \$10,395.00 |
| 220. Total Paid By/For Borrower | \$1,150,895.00 |
| 300. Cash At Settlement From/To Borrower | |
| 301. Gross Amount due from borrower (line 120) | \$1,531,770.23 |
| 302. Less amounts paid by/for borrower (line 220) | \$1,150,895.00 |
| 303. Cash From Borrower | \$380,875.23 |

K. Summary of Seller's Transaction

| | |
|--|----------------|
| 400. Gross Amount Due to Seller | |
| 401. Contract sales price | \$1,485,000.00 |
| 402. Personal property | |
| 403. | |
| 404. | |
| 405. | |
| Adjustments for items paid by seller in advance | |
| 406. County Property taxes 11/24/15 to 06/30/16 | \$8,057.29 |
| 407. Water/Sewer | |
| 408. Prorated Ground Rent | |
| 409. Prorated Rent | |
| 410. | |
| 411. | |
| 412. | |
| 413. | |
| 414. | |
| 415. | |
| 416. | |
| 420. Gross Amount Due to Seller | \$1,493,057.29 |
| 500. Reductions in Amount Due to Seller | |
| 501. Excess deposit (see instructions) | |
| 502. Settlement charges to seller (line 1400) | \$117,649.40 |
| 503. Existing loan(s) taken subject to | |
| 504. Payoff of first mortgage loan | |
| 505. Payoff of second mortgage loan | |
| 506. | |
| 507. | |
| 508. | |
| 509. | |
| Adjustments for items unpaid by seller | |
| 510. County Property taxes | |
| 511. Water/Sewer | |
| 512. Prorated Ground Rent | |
| 513. Prorated Rent | |
| 514. | |
| 515. | |
| 516. | |
| 517. | |
| 518. Seller Credit | \$1,000.00 |
| 519. | |
| 520. Total Reduction Amount Due Seller | \$118,649.40 |
| 600. Cash At Settlement To/From Seller | |
| 601. Gross Amount due to seller (line 420) | \$1,493,057.29 |
| 602. Less reductions in amt. due seller (line 520) | \$118,649.40 |
| 603. Cash To Seller | \$1,374,407.89 |

The Public Reporting Burden for this collection of information is estimated at 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assured; this disclosure is mandatory. This is designed to provide the parties to a RESPA covered transaction with information during the settlement process.

| L. Settlement Charges | | | | | Paid From | Paid From |
|---|--|--|--|------------------|--------------------|---------------------|
| 700. Total Real Estate Broker Fees | | | | \$89,100.00 | Borrower's | Seller's |
| Division of Commission (line 700) as follows: | | | | | Funds at | Funds at |
| 701. \$44,550.00 to Weichert Realtors - New Colony | | | | | Settlement | Settlement |
| 702. \$44,550.00 to Long & Foster Real Estate, Inc. | | | | | | |
| 703. Commission Paid at Settlement | | | | | \$0.00 | \$89,100.00 |
| 704. Admin Fee to Weichert Realtors - New Colony | | | | | | \$295.00 |
| 705. Admin Fee to Long & Foster Real Estate, Inc. | | | | | \$345.00 | |
| 800. Items Payable in Connection with Loan | | | | | | |
| 801. Our origination charge | | | | \$10,395.00 | (from GFE #1) | |
| 802. Your credit or charge (points) for the specific rate chosen | | | | \$0.00 | (from GFE #2) | |
| 803. Your adjusted origination charges to Suntrust Mortgage, Inc. | | | | | (from GFE A) | \$10,395.00 |
| 804. Appraisal Fee to Pam Pawlowski | | | | POC (D) \$600.00 | (from GFE #3) | |
| 805. Credit report to Equifax | | | | POC (D) \$25.00 | (from GFE #3) | |
| 806. LOL Flood to Corelogic | | | | | (from GFE #3) | \$6.00 |
| 807. Tax Service Fee to Corelogic | | | | | (from GFE #3) | \$112.00 |
| 808. UDM Alert Fee to Equifax | | | | | (from GFE #3) | \$10.50 |
| 809. Processing fee to Suntrust Mortgage, Inc. | | | | | (from GFE #3) | \$625.00 |
| 900. Items Required by Lender to be Paid in Advance | | | | | | |
| 901. Daily interest charges from 11/24/2015 to 12/1/2015 @ \$95.83/day | | | | | (from GFE #10) | \$670.81 |
| 902. Mortgage Insurance Premium for months to | | | | | (from GFE #3) | |
| 903. Homeowner's insurance for years to State Farm | | | | | (from GFE #11) | \$1,500.00 |
| 1000. Escrow Deposits Withheld | | | | | | |
| 1001. Initial Deposit for your escrow account | | | | | (from GFE #9) | \$3,726.13 |
| 1002. Homeowner's insurance 3 months @ \$125.00 per month | | | | \$375.00 | | |
| 1003. Mortgage insurance months @ per month | | | | | | |
| 1004. County Property taxes 4 months @ \$1,117.03 per month | | | | \$4,468.12 | | |
| 1005. Water/Sewer months @ per month | | | | | | |
| 1006. Prorated Ground Rent months @ per month | | | | | | |
| 1007. Prorated Rent months @ per month | | | | | | |
| 1008. months @ per month | | | | | | |
| 1009. 0 months @ | | | | | | |
| 1010. 0 months @ | | | | | | |
| 1011. Aggregate Adjustment | | | | | | -\$1,116.99 |
| 1100. Title Charges | | | | | | |
| 1101. Title services and lender's title insurance to New World Title Company, LLC | | | | | (from GFE #4) | \$4,002.00 |
| 1102. Settlement or closing fee to New World Title Company, LLC | | | | \$250.00 | | |
| 1103. Owner's title insurance to First American Title Insurance Company | | | | | (from GFE #5) | \$2,350.50 |
| 1104. Lender's title insurance to First American Title Insurance Company | | | | \$2,617.00 | | |
| 1105. Lender's coverage \$1,039,500.00/\$2,617.00 | | | | | | |
| 1106. Owner's coverage \$1,485,000.00/\$2,350.50 | | | | | | |
| 1107. Agent's portion of the total title insurance premium to New World Title Company, LLC | | | | \$3,974.00 | | |
| 1108. Underwriter's portion of the total title insurance premium to First American Title | | | | \$993.50 | | |
| 1109. Abstract Fee to LTR&A/Title Research Associates | | | | \$355.00 | (from GFE #4) | \$0.00 |
| 1110. Title Exam to New World Title Company, LLC | | | | \$395.00 | (from GFE #4) | \$0.00 |
| 1111. Title Insurance binder to New World Title Company, LLC | | | | \$50.00 | (from GFE #4) | \$0.00 |
| 1112. Document Preparation to New World Title Company, LLC | | | | \$225.00 | (from GFE #4) | \$0.00 |
| 1113. Lien Certificate Reimbursement to New World Title Company, LLC | | | | \$35.00 | (from GFE #4) | \$0.00 |
| 1114. Recording Service Fee to Swift Recordings | | | | \$45.00 | (from GFE #4) | \$0.00 |
| 1115. Judgment Report Fee Reimbursement to Myles L. Lichtenberg, P.A. | | | | \$30.00 | (from GFE #4) | \$0.00 |
| 1200. Government Recording and Transfer Charges | | | | | | |
| 1201. Government recording charges | | | | | (from GFE #7) | \$120.00 |
| 1202. Deed \$60.00 ; Mortgage \$60.00 , Release \$0.00 to Clerk of Circuit Courts | | | | | | |
| 1203. Transfer taxes | | | | | (from GFE #8) | \$14,850.00 |
| 1204. City/County tax/stamps Deed \$7,425.00 ; Mortgage to Director of Finance, Howard County | | | | | | \$3,712.50 |
| 1205. State tax/stamps Deed \$7,425.00 ; Mortgage to CLERK OF THE CIRCUIT COURT | | | | | | \$3,712.50 |
| 1206. MD CTY TRANSFER TAX to Clerk of Circuit Courts | | | | \$14,850.00 | (from GFE #8) | \$7,425.00 |
| 1300. Additional Settlement Charges | | | | | | |
| 1301. Required services you can shop for | | | | | (from GFE #6) | |
| 1302. Survey Fee to | | | | | (from GFE #6) | \$0.00 |
| 1303. Pay 2015/16 County Taxes to Howard County, Maryland | | | | | | \$13,404.40 |
| 1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K) | | | | | \$38,712.94 | \$117,649.40 |

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a completed copy of pages 1, 2 and 3 of this HUD-1 Settlement Statement.