

CFPB 201707 Final Ruling Work Arounds

For use with Impact version 10.10

October 10, 2017 thru release of Impact version 10.11 to Impact Production Systems

On August 10, 2017 the CFPB Final Rulings were published to the National Register. This started a 60-day window for Lenders, vendors, Escrow and other parties to start to implement the changes. **From Oct 10, 2017 until Oct 2018, Lenders will have the option to use all, some or none of the changes for any given file.** Impact will be releasing Impact version 10.11 in the 4th Quarter of 2017 which will support these changes at a file/lender level so that any order can use, or not use the defined changes when and if requested.

Between Oct 10, 2017 and the deployment of Impact version 10.11, customers will need direction on how to work around lender requirements to use some or perhaps all of the changes. This document will provide those work arounds.

Impact version 10.10 CFPB 201707 Work Arounds

Including all Borrowers names and addresses on the CDF with optional signatures

A borrower is defined in the CFPB Rulings as any natural person (entity/individual **not** entered in Impact as a company entity) who has a security interest in the property. The full name and address of each borrower should be shown and a lender optional signature line should be included on the CDF. Impact currently allows for this functionality by use of the "Show On CDF" option on the "Buyer/Borrower" party entry/edit screens, along with the further definition of the buyer signature on the "Signature(s)" tab if utilized.

Checking "Show on CDF" will include the buyer as a borrower on the CDF. The borrower name and address will appear based on their position in the "Parties" screen.

Information | Wife Information | Vesting | **Signature(s)** | Contacts | Notes

Entity Type: Individual Show On CDF NAF ID:

Prefix: First Name: Secondary Middle Name: Last Name: Borrower

Suffix: Tax ID Type: SSN Tax ID:

Reference Number:

Source of Business Bill To Customer

Current Information | Forwading Information | Distribution

US Bank Home Mortgage
Loan Number: 21234323

Loan Calculations

Total of Payments	<input type="text"/>
Finance Charge	<input type="text"/>
Amount Financed	<input type="text"/>
Annual Percentage Rate (APR)	<input type="text"/> %
Total Interest Percentage (TIP)	<input type="text"/> %

Other Disclosures

Print appraisal disclosure

Liability after Foreclosure

if your lender forecloses on this property

State law may protect you from liability

State law does not protect you from liability

Confirm Receipt

Buyer/Borrower

No Signatures

Print "Applicant" & "Co-Applicant"

Print Buyer/Borrower names

The option for Signature lines to be printed on the CDF is controlled under the header "Loan Calculations and Other Disclosures" on the settlement tree.

The selection of the radio button for "Print Buyer/Borrower names" will allow for all names marked in the Buyer/Borrower party screen(s) as "Show on CDF" to have a signature line shown on the CDF when printed.

Typically, the first two borrowers will show on page one and the header of other pages regardless of their individual addresses. Depending on name length of the first borrower, the second borrower may flow to page 6. Subsequent borrowers will show up on page 6 (Closing Disclosure - Attachments, seen below). The first two borrower's signatures will show up on page 5, as they currently do, and subsequent borrowers will show on the attachment.

Closing Disclosure - Attachment

Closing Information Date Issued 7/21/2017 Closing Date 8/4/2017 Disbursement Date 8/4/2017 Settlement Agent DSI Test System v10.10 File # TVRES01-004-E1 Property 22824 N 32Nd Ave Phoenix, AZ 85027-1093 Appraised Prop. Value \$390,000.00	Transaction Information Borrower Thomas Thebuyer 22824 N 32nd St Phoenix, AZ 85000 Seller Lender US Bank Home Mortgage	Loan Information Loan Term 15 Months Purpose Purchase Product Fixed Rate Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> Loan ID # 21234323 MIC #
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Closing Disclosure - Page 1 Continued

Buyers

Mona Thebuyer 22824 N 32nd St Phoenix, AZ 85027	Secondary Borrower 123 Main Street Best Town, AZ 85000
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Closing Disclosure - Page 2 Continued

Breakdown of E Line 1	Borrower Paid		Seller Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
01 Recording Fee For Deed to DSI Test System v10.10		\$345.00			
Totals:		\$345.00			

Signatures

_____ Date _____
just someone who cares

If required, the first and second borrowers can be separated so that they show as independent entries. The last name of the buyer in position 1 will need to be altered. Adding 20 spaces followed by a period (".") is the least intrusive way to accomplish this. Depending on the name, you may need more or less than 20 spaces to force borrower 2 to page 6. It will appear strange on the parties dialog, and will have a period hanging in the middle of the page header, but will force the second buyer to page 6. If a user adds too many spaces it will force all borrowers to page 6.

The screenshot shows a software window titled "Closing Disclosure Form Entry (TVRES01) - Parties". The "Buyer" section is active, showing details for "Thebuyer, Thomas" (Buyer #1). The "Secondary Contacts" section is empty, displaying "No records found." Below the window, a preview of the "Closing Disclosure" document is shown. The document header includes the title "Closing Disclosure" and a note: "This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate." The document content is structured as follows:

Closing Information Date Issued 7/21/2017 Closing Date 8/4/2017 Disbursement Date 8/4/2017 Settlement Agent DSI Test System v10.10 File # TVRES01-004-E1 Property 22824 N 32Nd Ave Phoenix, AZ 85027-1093 Appraised Prop. Value \$390,000.00	Transaction Information Borrower Thomas Thebuyer 22824 N 32nd St Phoenix, AZ 85000 Seller Lender US Bank Home Mortgage	Loan Information Loan Term 15 Months Purpose Purchase Product Fixed Rate Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> Loan ID # 21234323 MIC #
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Loan Terms	Can this amount increase after closing?	
Loan Amount	\$240,000	NO
Interest Rate	2.45%	NO
Quarterly Principal & Interest <small>See Projected Payments below for your Estimated Total Quarterly Payment</small>	\$1,455.00	NO
Prepayment Penalty	Does the loan have these features? NO	
Balloon Payment	NO	

Including Mortgage Insurance in Escrow Calculations

The final ruling to include mortgage insurance in Escrow calculations will require additional entries in Section G and in the “Estimated Taxes and Insurance”. Ultimately, the calculations for “Loan Disclosures” on page 4 have to take into account the monthly or period dollar amount for use in “Escrowed Property Costs Over year 1” and “Monthly Escrow Payment”.

The first part of the work around will require a manual entry in the “Projected Payments” > “Estimated Taxes and Insurance” branch of the Closing Disclosure tree.

Include	Description	Amount	In Escrow
<input checked="" type="checkbox"/>	Property Taxes	20.00	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	Homeowner's Insurance	10.00	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	Mortgage Insurance	20.00	<input checked="" type="checkbox"/>

The entry will be made using “Add New Entry” and will have the description of “Mortgage Insurance”. The amount entered should be the monthly/period dollar amount for the insurance. The “Included” and “In Escrow” check boxes should both be checked.

In Section G of the “Closing Disclosure tree” the entry from “Estimated Taxes and Insurance” should show up on line 4. At this point you can go into the detail, by double clicking, and address the number of payments, payor and payee for the mortgage insurance.

On line G.02 you should go into the detail screen, by double clicking on it, and modify the description with “****See Below” before the words “Mortgage Insurance”. **Do not remove the existing text, to maintain basic form requirements.**

		Borrower-Paid		Seller-Paid		Paid By Others
		At Closing	Before Closing	At Closing	Before Closing	
G. Initial Escrow Payment at Closing		\$70.00				
1	Homeowner's Insurance \$10.00 per month f...	10.00				
2	****See below Mortgage Insurance per month ...					
3	Property Taxes \$20.00 per month for 2 mo. t...	40.00				
4	Mortgage Insurance \$20.00 per month for 1 ...	20.00				
5	Aggregate Adjustment					

These entries will correctly calculate the Loan Disclosures fields and the Initial Escrow Payments for closing. The one entry that will look different is on the "Projected Payments" branch of the "Closing Disclosure tree"

The Mortgage Insurance entered in G.04 and "Estimated Taxes and Insurance" is included in the Estimated Escrow payments. This is a valid location for it based on the desire to have Mortgage Insurance included in Escrow. The line item for "Mortgage Insurance" will be left at the amount of 0.00 and is editable and can be cleared, but should not be changed.

Closing Disclosure Form Entry [TVRES01] - Closing Disclosure Form

Save & Exit Options Print Docs File Notes Disburse Previous Jump Next Up Down Warnings

Accium Financial
Loan Number: fds

Projected Payments

Payment Calculation	
Years	
1	
Principal & Interest	\$0.00
Mortgage Insurance	0.00
Estimated Escrow	\$50.00
Estimated Total Monthly Payment	50.00

Payment Calculation (Continued)

Principal & Interest	
Mortgage Insurance	
Estimated Escrow	
Estimated Total Monthly Payment	

Calculating the Cash-to-Close

The Cash to Close calculations are affected by the assumption of a loan by the Borrowers. The amount of the loan will no longer be shown under “Adjustments and Other Credits” but will be included under “Down Payment/Funds from Borrower” and “Funds for Borrower”. Because these are calculated values that cannot be overridden by the user, a new report, in the form of a pop up, will be displayed whenever the CDF affected by an Assumption is previewed, emailed, attached or published. The user will need to calculate the correct amounts for each or any of the three fields, if they need to override any of the values previously calculated in Impact. The user will then enter an amount for each field to be overridden or leave the fields as calculated by Impact, if applicable, and click on “OK”, to accept for further processing.

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	\$55.00	NO	
Closing Costs Paid Before Closing	\$0	\$0	NO	
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO	
Down Payment/Funds from Borrower	\$0	\$0	NO	
Deposit	\$0	\$0	NO	
Funds for Borrower	\$0	-\$20,000.00	NO	
Seller Credits	\$0	\$0	NO	
Adjustments and Other Credits	\$0	\$19,945.00	NO	
Cash to Close		\$0.00		

Summaries of Transactions		Use this table to see a summary of your transaction.	
BORROWER'S TRANSACTION			
K. Due from Borrower at Closing		\$20,000.00	M. Due to Seller at Closing
01	Sale Price of Property		01 Sale Price of Property
02	Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale
03	Closing Costs Paid at Closing (J)	\$55.00	03
04			04
Adjustments			05
05	CDF Funds transferred from 2nd to 1st	\$19,945.00	06
06			07

Report: Closing Disclosure Form Combined lender-1 v2 9/12/2017

Custom Report Parameters

Use Override Amounts:

Down Payment/Funds from Borrower:

Funds for Borrower:

Adjustments and Other Credits:

Cancel OK

Use of the Alternate table for Section K in the short form

No Seller transactions on second or subsequent loans

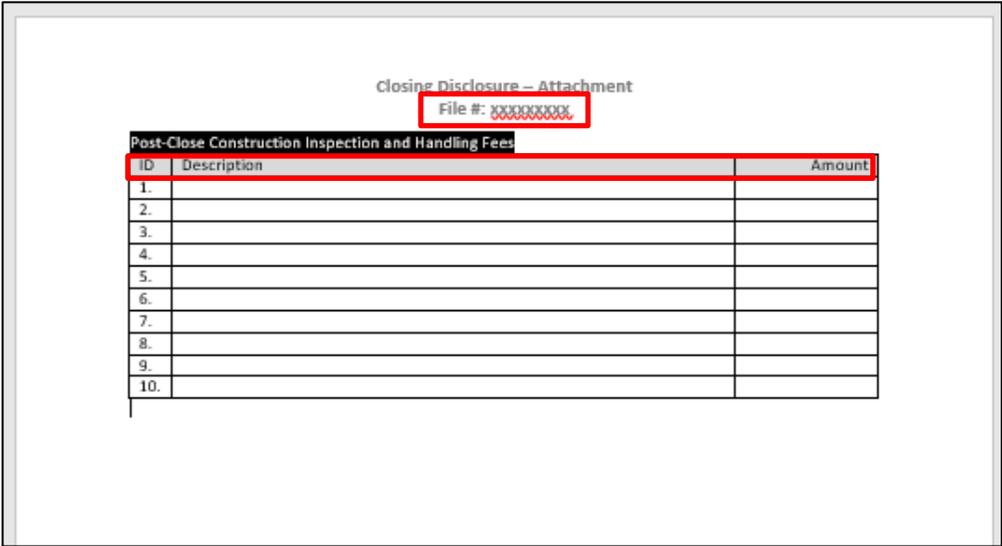
The CFPB ruling allows for the short form (alternate table K) to be used on simultaneous secondary, subsequent loans where the seller transactions are completely covered in the primary loan. Two or more files will need to be created, one for the primary and one for the secondary. Use of the alternate table for K is currently only supported on files where the “Transaction Type” is one that is defined as a “Refinance”. If the second loan will not include any Seller transactions, the first file should be created using the long form and the second file should be created using the short form with a transaction type of “Refinance”.

*** Seller transactions on a Second Simultaneous Loan using the Optional Form does violate the intent of the Ruling.

Post Close Construction Fees

The CFPB 201707 changes to the CD allow for all known post-closing fees for a construction loan to be captured and shared as an attachment or addendum to the CDF. In the 10.11 release of this enhancement, the fees will be the last section printed on the disclosure attachment. The work around for this requirement in version 10.10, will be to use a separate document available in the Document Menu called "Post Closing Construction Fees". When needed, the User will select the Document from the Document Menu. A sample is shown below. The File Number will auto populate from Impact but the User will need to enter a description and dollar amount for each line item as needed. This document can then be attached to the CDF and published as one complete document.

The "Post Close Construction Fees" document will look like the following example:



The screenshot shows a form titled "Closing Disclosure - Attachment". Below the title, there is a field for "File #: xxxxxxxx" which is highlighted with a red box. Below this is a section titled "Post-Close Construction Inspection and Handling Fees" with a table containing 10 rows. The table has three columns: "ID", "Description", and "Amount". The first row is highlighted with a red border.

ID	Description	Amount
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

The file reference number is a DDE field and will be auto-populated by the system.

The user will need to enter the Description and Amount for each fee.

The complete CDF document and attachment(s) will then be ready to print, email or publish.