



Know before you close.

# Five Things Signing Agents Need to Know Before October, 2015

Important things to know and how they change transactions you work on every day.

## Five things to know:

- For most transactions, the HUD-1 Settlement Statement is no longer applicable.
- The new, federally-mandated Closing Disclosure must be delivered to the borrower by the lender prior to signing, enabling the borrower to review the disclosure and ask questions prior to signing.
- The Closing Disclosure is a lender-prepared form a copy of which will be included in the signing package.
- Settlement Agents will prepare a Closing Statement which will describe all of the receipts and disbursements made on behalf of the borrower/buyer and seller in a transaction.
- How can I find out more and be prepared?

Starting October 3, 2015, the new Consumer Financial Protection Bureau (CFPB) Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act (Regulation X) and the Truth-in-Lending Act (Regulation Z) will be used for residential real estate transactions. The form used at the end of the transaction is called the Closing Disclosure. In anticipation of the monumental changes of the new rules and new forms, here are five things you need to know before you sign your first borrower.

### **1. For most transactions, the HUD-1 Settlement Statement is no longer applicable.**

The new forms apply to all closed-end consumer credit transactions secured by real property, which include:

- Purchase money loans
- Refinances
- Loans secured by 25 acres or less
- Loans secured by vacant land
- Construction-only loans
- Timeshare loans

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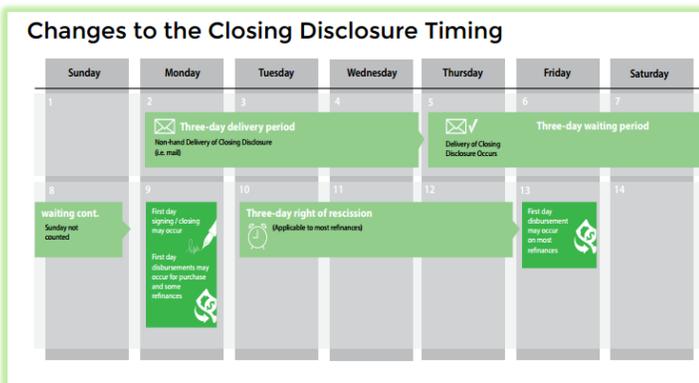
Important things to know and how they change transactions you work on every day.

**2. The new, federally-mandated Closing Disclosure must be delivered to the borrower prior to signing, enabling the borrower to review the disclosure and ask questions prior to signing.**

When you receive the loan document package for signing, the Delivery and Waiting Periods will have already expired. If the loan is a rescindable loan, the rescission period does not commence until the borrower receives two copies of the Notice of Right to Cancel.

**4. Settlement Agents will prepare and include in the loan package you receive a Closing Statement which describes all of the receipts and disbursements made on behalf of the borrower/buyer and seller in a transaction.**

The Closing Statement is not a new document. It is currently used on all-cash sales and non-residential closings. The Settlement Agent needs the Closing Statement for the escrow file. Borrowers/buyers and sellers will approve their charges by signing the Closing Statement. The Settlement Agent, the party disbursing the loan funds, is identified on Page 5 of the Closing Disclosure.



**3. The Closing Disclosure is a lender-prepared form which will be included as a part of the loan package.**

The Closing Disclosure is a five-page document created to replace the final TILA Disclosure and the HUD-1 Settlement Statement. Even though a copy was provided to the borrower prior to the signing the lender needs the Closing Disclosure signed for its loan file.

**5. How can I find out more and be prepared?**

With the forms, dates, rules and laws taking effect this year it can seem like a lot to take in and remember. The good news is that we have done our homework and we are here to help guide you through. If you have any questions, concerns, or need more information about what else you can do to be ready for the changes coming—just ask. We are your CFPB readiness partner every step of the way.