

**MDIA
(Mortgage Disclosure
Improvement Act)**

Digest Number 16

The Truth-in-Lending Disclosure for 1st and 2nd mortgages has changed to include additional information. The new disclosure is mandatory as of January 30, 2011.

The new Truth-in-Lending Disclosure requires that the “old” payment schedule be replaced with a “new” Interest Rate and Payment Summary in the form of a table that must be at least 10 point type and in a format substantially similar to the model forms provided with the rule.

For fixed rate mortgage loans, the interest rate applicable at consummation must be disclosed. If the fixed rate loan has scheduled payment increases, the lender must show the interest rate applicable to such payments even if the rate does not change.

Interest Rate And Payment Summary	
Interest Rate	Rate and Monthly Payment %
Principal & Interest Payment	\$
Est. Taxes + Insurance (Escrow) ()	\$
Total Estimated Monthly Payment	\$

For variable rate mortgage loans, the “new” Interest Rate and Payment Summary table in the form includes columns for the Introductory Rate and Monthly Payment (for first frequency). This column is required. What it means is the interest rate in effect at consummation of the loan and the period of time until the first interest rate adjustment. For example, the Introductory Rate (read this as initial rate) could be in effect for 5 years and thereafter change based on the index plus margin. Another required column is Maximum During the First Five Years (date). This column is required if periodic rate caps are applicable and will populate with the earliest date the maximum interest rate could be reached in five years. If there is no rate cap, this column may be removed. Another column is the Maximum Ever (as early as date). This column may not be removed. It would populate with the maximum rate possible over the life of the loan.

Interest Rate And Payment Summary			
	INTRODUCTORY RATE and Monthly Payment For first	MAXIMUM during FIRST FIVE YEARS	MAXIMUM EVER (as early as)
Interest Rate			
Principal & Interest Payment			
Est. Taxes + Insurance (Escrow) ()			
Total Estimated Monthly Payment			

For mortgage loans that have a “discounted” initial interest rate, the “new” Interest Rate and Payment Summary table in the form has in addition to the columns shown in the variable rate disclosure a section for the discounted introductory interest rate and this period the discount is applicable.

Interest Rate And Payment Summary			
	INTRODUCTORY RATE And Monthly Payment For first ()	MAXIMUM during FIRST FIVE YEARS ()	MAXIMUM EVER (as early as)
Interest Rate			
Principal & Interest Payment			
Est. Taxes + Insurance (Escrow) (Includes Private Mortgage Insurance)			
Total Estimated Monthly Payment			
<input type="checkbox"/> Introductory Rate (Check if applicable) You have a discounted introductory rate of _____ that ends after _____ in _____ even if market rates do not change, this rate increases to _____			

Disclosures must be provided within 3 business days after an application has been received and before the applicant has paid a fee other than a fee for a credit report. Lenders must also mail or deliver disclosures at least 7 business days before loan consummation.

The rule includes a variety of model forms and requirements for different kinds of mortgage loans such as fixed-rate, adjustable rate, negative amortization, interest only, balloon payment loans and loans with discounted or introductory rates. Certain clauses and additional disclosure are required depending on the kind of mortgage loan.

Fixed-rate, variable rate and discounted initial rate disclosures are addressed in this digest. Please contact Conmarsystems if disclosure is needed for negative amortization, interest only or balloon payment mortgages.

Samples attached are:

1. Fixed rate TIL disclosure
2. Variable rate TIL disclosure
3. Discount initial rate TIL disclosure

support@conmarsystems.com

800.227.4931 or 770.487.3883

The information contained in this notice is provided with the understanding that the author and company are not engaged in rendering legal advice. As such, information should not be used as a substitution for consultation with credit union legal counsel.

**REAL PROPERTY
FEDERAL TRUTH-IN-LENDING
DISCLOSURE – INTRODUCTORY RATE**

Words, numbers or phrases preceded by a are applicable only if the is marked (e.g.,) . "e" means estimate

Preliminary Final

Primary Borrower Name/Address	Co-Borrower Name/Address	Date	Loan Number
		Maturity Date	Account Number

FEDERAL TRUTH-IN-LENDING DISCLOSURES

ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> <div style="text-align: right;">%</div>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> <div style="text-align: right;">\$</div>	Amount Financed <small>The amount of credit provided to you or on your behalf.</small> <div style="text-align: right;">\$</div>	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> <div style="text-align: right;">\$</div>
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Interest Rate And Payment Summary			
	INTRODUCTORY RATE And Monthly Payment For first ()	MAXIMUM during FIRST FIVE YEARS ()	MAXIMUM EVER (as early as)
Interest Rate	%	%	%
Principal & Interest Payment	\$	\$	\$
Est. Taxes + Insurance (Escrow) ()	\$	\$	\$
Total Estimated Monthly Payment	\$	\$	\$

- Introductory Rate** (Check if applicable)
 You have a discounted introductory rate of _____ % that ends after _____ . In _____ even if market rates do not change, this rate will increase to _____ %.
- This transaction contains a Variable Rate Feature and is secured by your principal dwelling. Variable rate disclosures have been provided earlier.
- Variable Rate Disclosure:**

SECURITY: You are giving a security interest in:

- Your shares and deposits in the credit union. Your dwelling
- Collateral securing other loans with the credit union will also secure this loan.
- Other _____

Late Charge:

- Required Deposit:** The Annual Percentage Rate does not reflect your Required Deposit, if any.

Prepayment: If you pay off early, you will not have to pay a penalty.

Filing Fees: _____

Property Insurance: You may obtain required property insurance from anyone you want that is acceptable to the Lender. If you get the insurance from the Credit Union, you will pay \$ _____

Assumption: Someone buying your home;

- may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.
- cannot assume the remainder of the mortgage on the original terms.

Itemization of the Amount Financed: You have the right to receive at this time an Itemization of the Amount Financed.

- You want an Itemization You do not want an Itemization

Refinance: There is no guarantee you will be able to refinance to lower your rate and payments.

You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.

See your contract documents for any additional information about nonpayment, defaults, any required repayment in full before the scheduled prepayment refunds and penalties, security interests and creditor's policy regarding assumption of the obligation.

By signing below, you acknowledge receipt of a copy of this disclosure and that you have read it.

X Borrower Signature _____ Date _____	X Co-Borrower Signature _____ Date _____
X Co-Borrower Signature _____ Date _____ <input type="checkbox"/> Owner of collateral other than borrower	X Co-Borrower Signature _____ Date _____ <input type="checkbox"/> Owner of collateral other than borrower

**REAL PROPERTY
FEDERAL TRUTH-IN-LENDING
DISCLOSURE – VARIABLE RATE**

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Preliminary Final

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		Maturity Date	Account Number

FEDERAL TRUTH-IN-LENDING DISCLOSURES

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. %	FINANCE CHARGE The dollar amount the credit will cost you. \$	Amount Financed The amount of credit provided to you or on your behalf. \$	Total of Payments The amount you will have paid after you have made all payments as scheduled. \$
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Interest Rate And Payment Summary			
	INTRODUCTORY RATE and Monthly Payment (For first)	MAXIMUM during FIRST FIVE YEARS ()	MAXIMUM EVER (as early as)
Interest Rate	%	%	%
Principal & Interest Payment	\$	\$	\$
Est. Taxes + Insurance (Escrow) ()	\$	\$	\$
Total Estimated Monthly Payment	\$	\$	\$

- This transaction contains a Variable Rate Feature and is secured by your principal dwelling. Variable rate disclosures have been provided earlier.
 Variable Rate Disclosure:

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Filing Fees: _____

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By signing below, you acknowledge receipt of a copy of this disclosure and that you have read it.

X Borrower Signature _____ Date _____	X Co-Borrower Signature _____ Date _____
X Co-Borrower Signature _____ Date _____ <input type="checkbox"/> Owner of collateral other than borrower	X Co-Borrower Signature _____ Date _____ <input type="checkbox"/> Owner of collateral other than borrower