

# GET IN THE KNOW

## CFPB UPDATES



### NEW

## Terminology

As of October 3rd, many new terms will be introduced to our industry.

### Here are a few terms that you will need to know:

#### Closing Disclosure (CD)

On most transactions involving a loan, this replaces the HUD-1 and final Truth-In-Lending statement (TIL). This form is a statement of final loan terms and closing costs. It must be provided to the borrower at least three business days (as business days are defined for the Closing Disclosure) prior to consummation (defined below).

#### Consummation

According to the Truth-in-Lending Act (TILA) this is the time a consumer becomes contractually obligated on a credit transaction. State law determines the time a consumer becomes contractually obligated, but many lenders will use the time at which the note is signed because it is unlikely any state defines consummation to be before the time the note is signed. This action is important because the Closing Disclosure must be provided to the borrower at least three days prior to consummation.

#### Contact ST License ID

This is your real estate agent license number and it must be included on the last page of the Closing Disclosure. Be prepared to supply this number to the lender and settlement company.

#### Good Faith Violation

Formerly known as the Tolerance Violation, referring to a discrepancy between the quoted fees and final fees which is larger than permitted within the variance category.

#### Good Faith Violation Cure

Formerly known as the Tolerance Violation Cure, referring to a credit allocated to the borrower in response to a Good Faith Violation.

#### Loan Estimate

This replaces the Good Faith Estimate (GFE) and the initial Truth in Lending (TIL) and will be provided to the borrower within three business days (as business days are defined for the Loan Estimate) of loan application. It contains a summary of key loan terms and estimates of loan and closing costs.

#### ST License ID

This is your real estate brokerage license number and it must be included on the last page of the Closing Disclosure. Be prepared to supply this number to the lender and settlement company.

#### Variation / Variance

Formerly known as the Tolerance, referring to discrepancies between the quoted fees and final fees. Some fees are limited to a 0% change, other categories of fees can change no more than 10% in the aggregate and still others are allowed unlimited changes.



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