



If you're in the process of buying a home for the first time, you want to make all of the right decisions, from choosing the perfect home to finding a reliable closing agent. You'll face a number of important decisions – and the more you know about the mortgage process, the more prepared you will be to make those decisions. When it comes to making an informed decision about the right home loan, there are two standardized documents you'll receive in the process to help you to understand the loan that you are applying for: the Loan Estimate and the Closing Disclosure. Here's what you should know about the 2 forms:

LOAN ESTIMATE

A Loan Estimate is a three-page form providing important information about the mortgage loan you're considering.

WHEN WILL I RECEIVE IT?

Three business days **after** the lender receives the following six pieces of information: **your name, income, Social Security Number, the address and value of the property you're considering, and the loan amount** you're seeking.

WHAT DOES IT PROVIDE?

It provides the **estimated costs** associated with the loan you've **applied for**, including:

- Loan amount
- Interest rate
- Monthly payment
- Closing costs
- Taxes and other costs
- Basic loan information

WHAT'S IMPORTANT?

- A Loan Estimate isn't an indication that your loan application has been approved or denied.
- You **don't need to have a signed contract** for the property that you're receiving a Loan Estimate for.
- You're not obligated to pay an application fee other than a reasonable fee for the lender to run a credit report.
- If your interest rate or loan details change, you may receive a **revised Loan Estimate**.
- An interest rate on your Loan Estimate is not a guarantee. Some lenders **may lock your rate** as part of issuing a Loan Estimate but others may not.
- If you choose to move forward with the loan and lender, you must convey your intent to proceed.

CLOSING DISCLOSURE

A Closing Disclosure is a five-page form providing final details about the mortgage loan you've selected.

WHEN WILL I RECEIVE IT?

At least three business days **before** you're scheduled to close on your mortgage loan.

WHAT DOES IT PROVIDE?

It provides the **actual costs** associated with the loan you've **selected**, including:

- Loan amount
- Interest rate
- Monthly payment
- Closing costs
- Estimated Taxes, insurance and other costs
- Summary of transactions
- Additional information about your loan

WHAT'S IMPORTANT?

- Compare your Closing Disclosure with your most recent Loan Estimate to ensure the terms and costs are what you expected.
- You have this 3-day window to thoroughly review your loan information and ask any final questions of your lender.
- It's possible some of your costs may change.
- If you find an error, contact your lender or settlement agent **immediately** to have it corrected.
- Ask your lender or closing agent to also provide your additional closing documents, including the Promissory Note, Mortgage or Security Instrument, so you can review them as well before your signing.
- Download **CFPB's Mortgage Closing Checklist** to prepare for your closing.

Loan Estimate

Loan Amount: \$162,000

Interest Rate: 3.875%

Monthly Principal & Interest: \$767.78

Estimated Total Monthly Payment: \$1,050.26

Estimated Closing Costs: \$8,054

Estimated Cash to Close: \$16,054

LOAN ESTIMATE

VS

CLOSING DISCLOSURE

What You Should Look For...

Closing Disclosure

Loan Terms: Loan Amount: \$162,000; Interest Rate: 3.875%; Monthly Principal & Interest: \$767.78

Estimated Total Monthly Payment: \$1,050.26

Estimated Closing Costs: \$8,054

Cash to Close: \$14,147.26

Source: consumerfinance.gov - an official website of the United States government.