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# Disclosure Form Changes: Know Before You Owe

SOC

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Effective October 3, 2015, the Consumer Financial Protection Bureau (CFPB) will combine two sets of existing disclosures under the Real Estate Settlement Practices Act (RESPA) and the Truth in Lending Act (TILA). This will be known as the CFPB's RESPA-TILA integrated mortgage disclosures and will be effective for most consumer mortgages.

## DISCLOSURE CHANGES UNDER THE "KNOW BEFORE YOU OWE" RULES

- The new Loan Estimate form will replace the current Good Faith Estimate (GFE) and Truth-in-Lending (TIL) disclosures that are provided to the customer after receipt of a loan application.
- The new Closing Disclosure form will replace the current Housing and Urban Development (HUD-1) and final TIL forms that are provided prior to loan closing.

The purpose of the new disclosure forms is to provide more uniform and consistent disclosures for consumers. Under the new requirements, three business days before closing, borrowers will receive the new, easier-to-use Closing Disclosure form. This will provide more time to understand mortgage terms and costs, enabling borrowers to "know before you owe."

Although there are not substantial differences in the information required for disclosures, the change in forms will require service providers to incur system changes. Systems will need to be updated to comply with the new disclosure requirements, including the need to re-develop templates and data mapping in order to produce the new forms. Additionally, operational processes and controls may need to be developed and implemented prior to the October 3rd implementation date to ensure that disclosures are accurate and timely.

While the purpose of the "Know Before You Owe" disclosure forms is to provide more clarity to consumers, lenders will continue to look for transparency from service providers as well. Lender oversight of service providers will likely continue to increase. Companies must be able to protect customer data and funds, while remaining compliant with disclosure requirements. A SOC report is a useful tool for companies in the lender/mortgage services industry, because it provides lenders/banks with the desired assurances of an effective internal control system.

Schneider Downs has a dedicated team of professionals in Pittsburgh and Columbus who provide SOC services. [We invite you to contact us with any questions that you may](#)

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