



Loan Disclosures

After you complete the loan application and have chosen a loan type, NEFCU will provide several documents that disclose important aspects of the loan. The disclosures must take place at various times throughout the loan process and are required by federal law to be provided to you within three business days following application.

Disclosures at the time of application:

- *Settlement Costs Booklet* (a HUD guide) - This booklet describes the home buying, home financing, and settlement process.
- *Good Faith Estimate* – A written estimate from a lender describing all the lender and borrower costs associated with the mortgage process.
- *Addendum to Good Faith Estimate* – A disclosure informing the borrower of the lender’s required use of third party vendors (such as credit reporting companies and real-estate appraisers) used to complete the mortgage process.
- *Mortgage Servicing Disclosure Statement* – This tells the borrower whether the servicing of their loan will be kept by the original lender or transferred to another company for servicing (the collection of payments).
- *Preliminary Truth in Lending Statement* – This statement shows the estimated annual percentage rate (APR) on the loan. The APR combines the estimated interest paid on the note over the life of the loan, plus the total cost to obtain the loan. The APR is a measure of the cost of credit expressed as a yearly rate of interest.
- *Adjustable Rate Mortgage Program Disclosure* – This disclosure is for the borrower who chooses or is considering an adjustable rate for their mortgage loan. The disclosure describes the features of the particular ARM program chosen, including how the interest rate and mortgage payment are determined.
- *Consumer Handbook on Adjustable Rate Mortgages (CHARM) Booklet* – This booklet is designed to help consumers understand the features of adjustable rate mortgages (ARMs).

Disclosures at settlement (closing):

- *The HUD-1 Settlement Statement* – This statement itemizes the actual costs incurred to complete the mortgage transaction.
- *Final Truth in Lending Statement* – This statement shows the actual annual percentage rate (APR) on the loan. The APR combines the actual interest paid on the note over the life of the loan, plus the total cost to obtain the loan. The APR is a measure of the cost of credit expressed as a yearly rate of interest.
- *An Initial Escrow Account Statement* – If the borrower chooses to escrow, this statement will be provided to them. It itemizes the estimated taxes, insurance premiums, private mortgage insurance (PMI) and other charges that will need to be paid from the escrow account during the first year of the loan.

Disclosures after settlement (closing):

- *Annual Escrow Account Statement* – This statement summarizes all escrow account deposits and payments during the past year. It also notifies the borrower of shortages or surpluses in the account and tells the borrower how these can be paid or refunded.
- *Servicing Transfer Statement* – This is required if the servicer of the mortgage loan transfers the servicing rights to another servicer.
- *ARM Change Notice Analysis* – This is a yearly notice the lender sends to all borrowers with an adjustable rate loan. The borrower is notified in writing at least 30 days but not more than 75 days prior to the yearly payment adjustment. This notice will contain information about the index and interest rates, payment amount and loan balance.