

## § 1026.37(a) General information.

### § 1026.37 Content of disclosures for certain mortgage transactions (Loan Estimate).

For each transaction subject to § 1026.19(e), the creditor shall disclose the information in this section, as applicable:

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#### Commentary

1. *As applicable.* The disclosures required by § 1026.37 are to be made only as applicable, except as otherwise provided in § 1026.37(o). A disclosure that is not applicable to a particular transaction generally may be eliminated entirely. For example, in a transaction for which the creditor does not require homeowner's insurance, the disclosure required by § 1026.37(m)(3) need not be included. Alternatively, the creditor generally may include disclosures that are not applicable to the transaction and note that they are "not applicable" or "N/A." As provided in § 1026.37(i) and (j), however, the adjustable payment and adjustable interest rate tables required by those paragraphs may be included only if those disclosures are applicable to the transaction and otherwise must be excluded.

2. *Format.* See § 1026.37(o) and its commentary for guidance on the proper format to be used in making the disclosures, as well as permissible modifications.

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(a) *General information.* (1) *Form title.* The title of the form, "Loan Estimate," using that term.

(2) *Form purpose.* The statement, "Save this Loan Estimate to compare with your Closing Disclosure."

(3) *Creditor*. The name and address of the creditor making the disclosure.

(4) *Date issued*. The date the disclosures are mailed or delivered to the consumer by the creditor, labeled “Date Issued.”

(5) *Applicants*. The consumer’s name and mailing address, labeled “Applicants.”

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**Commentary: 37(a)(3) Creditor.**

1. *Multiple creditors*. For transactions with multiple creditors, see § 1026.17(d) and comment 17(d)-1 for further guidance. The creditor making the disclosures, however, must be identified as the creditor for purposes of § 1026.37(a)(3).

2. *Mortgage broker as loan originator*. In transactions involving a mortgage broker, the name of the creditor must be disclosed, if known, even if the mortgage broker provides the disclosures to the consumer.

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**Commentary: 37(a)(4) Date issued.**

1. *Applicable date*. Section 1026.37(a)(4) requires disclosure of the date the creditor mails or delivers the Loan Estimate to the consumer. The creditor’s method of delivery does not affect the date issued.

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**Commentary: 37(a)(5) Applicants.**

1. *Multiple consumers*. If there is more than one consumer applying for the credit, § 1026.37(a)(5) requires disclosure of the name and mailing address of each consumer on the Loan Estimate. If the number of consumers applying for the credit does not fit in the space allocated on the Loan Estimate, an additional page with that information may be appended to the end of the form. For additional information on permissible changes, see § 1026.37(o) and its commentary.

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(6) *Property*. The street address or location of the property that secures the transaction, labeled “Property.”

(7) *Sale price*. (i) For credit transactions that involve a seller, the contract sale price of the property identified in paragraph (a)(6) of this section, labeled “Sale Price.”

(ii) For credit transactions that do not involve a seller, the estimated value of the property identified in paragraph (a)(6), labeled “Est. Prop. Value.”

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**Commentary: 37(a)(6) Property.**

1. *Alternate property address*. Section 1026.37(a)(6) requires disclosure of the street address, if available, and the city, state, and zip code for the property that secures the credit. If there is no street address, § 1026.37(a)(6) requires disclosure of a legal description or other location information for the property; however, disclosure of a zip code is required in all instances.

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**Commentary: 37(a)(7) Sale Price.**

1. *Estimated property value*. In transactions where there is no seller, such as in a refinancing, § 1026.37(a)(7)(ii) requires the creditor to disclose the estimated value of the property identified in § 1026.37(a)(6) at the time the disclosure is issued to the consumer. The creditor may use the estimate provided by the consumer at application, or if it has performed its own estimate of the property value by the time the disclosure is provided to the consumer, use that estimate. If the creditor has obtained any appraisals or valuations of the property for the application at the time the disclosure is issued to the consumer, the value determined by the appraisal or valuation to be used during underwriting for the application is disclosed as the estimated property value.

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(8) *Loan term.* The term to maturity of the credit transaction, stated in years, labeled “Loan Term.”

(9) *Purpose.* The consumer’s intended use for the credit, labeled “Purpose,” using one of the following terms:

(i) *Purchase.* If the credit is to finance the acquisition of the property identified in paragraph (a)(6) of this section, the creditor shall disclose that the loan is for a “Purchase.”

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**Commentary: 37(a)(8) Loan term.**

1. *Adjustable loan term.* Section 1026.37(a)(8) requires disclosure of the term to maturity of the credit transaction. If the term to maturity is adjustable, to comply with § 1026.37(a)(8), the possible range of the loan term, including the maximum number of years possible under the terms of the legal obligation, must be disclosed. For example, if the loan term depends on the value of interest rate adjustments during the term of the loan, to calculate the maximum loan term, the creditor should assume that the interest rate rises as rapidly as possible after consummation, taking into account the terms of the legal obligation, including any applicable caps on interest rate adjustments and lifetime interest rate cap.

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**Commentary: 37(a)(9) Purpose.**

1. *General.* Section 1026.37(a)(9) requires disclosure of the consumer’s intended use of the credit extended. In ascertaining the consumer’s intended use, § 1026.37(a)(9) requires the creditor to consider all relevant information known to the creditor at the time of the disclosure. To the extent the purpose is not known, the creditor may rely on the consumer’s stated purpose. The following examples illustrate when each of the permissible purposes should be disclosed:

i. *Purchase.* The consumer intends to use the credit to purchase the property.

(ii) *Refinance*. The creditor shall disclose that the loan is for a “Refinance” if the credit is a refinance of an existing obligation, consistent with § 1026.20(a), by any creditor, that is secured by the property identified in paragraph (a)(6) of this section.

(iii) *Construction*. If the credit will be used to finance the construction of a dwelling on the property identified in paragraph (a)(6) of this section, the creditor shall disclose that the loan is for “Construction.”

ii. *Refinance*. The consumer refinances an existing obligation already secured by the consumer’s dwelling to change the rate, term, or other loan features and may or may not receive cash from the transaction. For example, in a refinance with no cash provided, the new amount financed does not exceed the unpaid principal balance, any earned unpaid finance charge on the existing debt, and amounts attributed solely to the costs of the refinancing. Conversely, in a refinance with cash provided, the consumer refinances an existing mortgage obligation and receives money from the transaction that is in addition to the funds used to pay the unpaid principal balance, any earned unpaid finance charge on the existing debt, and amounts attributed solely to the costs of the refinancing. In such a transaction, the consumer may, for example, use the newly-extended credit to pay off the balance of the existing mortgage and other consumer debt, such as a credit card balance.

iii. *Construction*. Section 1026.37(a)(9)(iii) requires the creditor to disclose that the loan is for construction in transactions where the creditor extends credit to finance only the cost of construction (“construction-only” loan), whether it is new construction or a renovation project, and in transactions where a multiple advance loan may be permanently financed by the same creditor (“construction-to-permanent” loan). In a construction-only loan, the borrower may be required to make interest-only payments during the loan term with the balance commonly due at the end of the construction project. For additional guidance on disclosing construction-to-permanent loans, see § 1026.17(c)(6)(ii) and comments 17(c)(6)-2 and -3.

(iv) *Home equity loan.* If the credit is not for one of the purposes described in paragraphs (a)(9)(i)-(iii) of this section, the creditor shall disclose that the loan is for a “Home Equity Loan.”

(10) *Product.* A description of the loan product, labeled “Product.” (i) The description of the loan product shall include one of the following terms, as applicable:

(A) *Adjustable rate.* If the interest rate may increase after consummation, but the rates that will apply or the periods for which they will apply are not known at consummation, the creditor shall disclose the loan product as an “Adjustable Rate.”

(B) *Step rate.* If the interest rate will change after consummation, and the rates that will apply and periods for which they will apply are known at consummation, the creditor shall disclose the loan product as a “Step Rate.”

iv. *Home equity loan.* The creditor is required to disclose that the credit is for a “home equity loan” if the creditor extends credit for any purpose other than a purchase, refinancing, or construction. This disclosure applies whether the property that secures the loan is a first or subordinate lien.

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**Commentary: 37(a)(10) Product.**

1. *No features.* If the loan product disclosed pursuant to § 1026.37(a)(10) does not include any of the features described in § 1026.37(a)(10)(ii), only the product type and introductory and adjustment periods, if applicable, are disclosed. For example:

i. *Adjustable rate.* When disclosing an adjustable rate product, the disclosure of the loan product must be preceded by the length of the introductory period and the frequency of the adjustment periods thereafter. Thus, for example, if the loan product is an adjustable rate with an introductory rate that remains the same for the first five years of the loan term and then adjusts every three years starting in year six, the disclosure required by § 1026.37(10)(i) is “5/3 Adjustable Rate.”

ii. *Step rate.* If the loan product is a step rate with an introductory interest rate that lasts for ten years and adjusts every year thereafter for the next five years, and then adjusts every three years for the next 15 years, the disclosure required by § 1026.37(a)(10)(i) is “10/1/3 Step Rate.”

(C) *Fixed rate*. If the loan product is not an Adjustable Rate or a Step Rate, as described in paragraphs (a)(10)(i)(A) and (B) of this section, respectively, the creditor shall disclose the loan product as a “Fixed Rate.”

(ii) The description of the loan product shall include the features that may change the periodic payment, using the following terms as required by paragraph (a)(10)(iii), as applicable:

(A) *Negative amortization*. If the principal balance may increase due to the addition of accrued interest to the principal balance, the creditor shall disclose that the loan product has a “Negative Amortization” feature.

iii. *Fixed rate*. If the loan product is not an adjustable rate or a step rate, as described in § 1026.37(a)(10)(i), even if an additional feature described in § 1026.37(a)(10)(ii) may change the consumer’s periodic payment, the disclosure required by § 1026.37(a)(10)(i) is “Fixed Rate.”

2. *Additional features*. When disclosing a loan product with at least one of the features described in § 1026.37(a)(10)(ii), § 1026.37(a)(10)(iii) and (iv) requires the disclosure of only the first applicable feature in the order of § 1026.37(a)(10)(ii) and that it be preceded by the time period or the length of the introductory period and the frequency of the adjustment periods, as applicable, followed by a description of the loan product and its time period as provided for in § 1026.37(a)(10)(i). For example:

i. *Negative amortization*. Some loan products, such as payment-option loans, permit the borrower to make payments that are insufficient to cover all of the interest accrued, and the unpaid interest is added to the principal balance. Where the loan product includes a loan feature that may cause the loan balance to increase, the disclosure required by § 1026.37(a)(10)(ii)(A) is preceded by the time period that the negative amortization is permitted (*e.g.*, “2 Year Negative Amortization”), followed by the loan product type. Thus, a fixed-rate product with a step-payment feature for the first two years of the legal obligation that may negatively amortize is disclosed as “2 Year Negative Amortization, Fixed Rate.”

(B) *Interest only.* If one or more regular periodic payments may be applied only to interest accrued and not to the loan principal, the creditor shall disclose that the loan product has an “Interest Only” feature.

(C) *Step payment.* If scheduled variations in regular periodic payment amounts occur that are not caused by changes to the interest rate during the loan term, the creditor shall disclose that the loan product has a “Step Payment” feature.

(D) *Balloon payment.* The creditor shall disclose that the loan has a “Balloon Payment” feature if the transaction includes a “balloon payment,” as that term is defined in § 1026.37(b)(5).

ii. *Interest only.* When disclosing an “Interest Only” feature, as that term is defined in § 1026.18(s)(7)(iv), the applicable time period must precede the label “Interest Only.” Thus, a fixed rate loan with only interest due for the first five years of the loan term is disclosed as “5 Year Interest Only, Fixed Rate.” If the interest only feature fails to cover the total interest due then the disclosure must reference the negative amortization feature and not the interest-only feature (*i.e.*, “5 Year Negative Amortization, Fixed Rate”).

iii. *Step payment.* When disclosing a step payment feature (which is sometimes also referred to as a graduated payment), the period of time over which the scheduled payments will increase must precede the label “Step Payment” (*e.g.*, “5 Year Step Payment”) followed by the name of the loan product. Thus, a fixed-rate mortgage subject to a 5-year step-payment plan is disclosed as a “5-Year Step Payment, Fixed Rate.”

iv. *Balloon payment.* If a loan product includes a “balloon payment,” as that term is defined in § 1026.37(b)(5), the disclosure of the balloon payment feature, including the year the payment is due, precedes the disclosure of the loan product. Thus, if the loan product is an adjustable rate with an introductory rate that lasts for three years and adjusts each year thereafter until the balloon payment is due in the seventh year of the loan term, the disclosure required is “Year 7 Balloon Payment, 3/1 Step Rate.”



(E) *Seasonal payment.* If the terms of the legal obligation expressly provide that regular periodic payments are not scheduled in between specified unit-periods on a regular basis, the creditor shall disclose that the loan product has a “Seasonal Payment” feature.

(iii) The disclosure of a loan feature under paragraph (a)(10)(ii) of this section shall precede the disclosure of the loan product under paragraph (a)(10)(i) of this section. If a transaction has more than one of the loan features described in paragraph (a)(10)(ii) of this section, the creditor shall disclose only the first applicable feature in the order the features are listed in paragraph (a)(10)(ii) of this section.

(iv) The disclosures required by paragraphs (a)(10)(i) and (ii) of this section must each be preceded by a description of any introductory rate period, adjustment period, or other time period, as applicable.

v. *Seasonal payment.* If a loan product includes a seasonal payment feature, § 1026.37(a)(10)(ii)(E) requires that the creditor disclose the feature. The feature is not, however, required to be disclosed with any preceding time period. Disclosure of the label “Seasonal Payment” without any preceding number of years satisfies this requirement.

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(11) *Loan type*. The type of loan, labeled “Loan Type,” offered to the consumer using one of the following terms, as applicable:

(i) *Conventional*. If the loan is not guaranteed or insured by a Federal or State government agency, the creditor shall disclose that the loan is a “Conventional.”

(ii) *FHA*. If the loan is insured by the Federal Housing Administration, the creditor shall disclose that the loan is an “FHA.”

(iii) *VA*. If the loan is guaranteed by the U.S. Department of Veterans Affairs, the creditor shall disclose that the loan is a “VA.”

(iv) *Other*. For federally-insured or guaranteed loans other than those described in paragraphs (a)(11)(ii) and (iii) of this section and loans insured or guaranteed by a state agency, the creditor shall disclose the loan type as “Other,” and provide a brief description of the loan type.

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**Commentary: 37(a)(11) Loan type.**

1. *Other loan type*. If the transaction is a type other than a conventional, FHA, or VA loan, § 1026.37(a)(11) requires the creditor to provide a name or brief description of the loan type. For example, a loan that is guaranteed or funded by the federal government under the Rural Housing Service (RHS) of the U.S. Department of Agriculture is required to be disclosed under the subcategory “Other,” because it is guaranteed or funded by a Federal agency, and therefore is not “Conventional,” but is neither a “VA” nor an “FHA” loan. Section 1026.37(a)(11)(iv) requires a brief description of the loan type (*e.g.*, “RHS”). A loan that is insured or guaranteed by a state agency must also be disclosed as “Other.”

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(12) *Loan identification number (Loan ID #)*. A unique number that may be used by the creditor, consumer, and other parties to identify the transaction, labeled as “Loan ID #.”

(13) *Rate lock*. A statement of whether the interest rate disclosed pursuant to paragraph (b)(2) of this section is set for a specific period of time, labeled “Rate Lock.”

(i) For transactions in which the interest rate is set for a specific period of time, the creditor must provide the date and time (including the applicable time zone) when that period ends.

(ii) The “Rate Lock” statement required by this paragraph (a)(13) shall be accompanied by a statement that the interest rate, any points, and any lender credits may change unless the interest rate has been set, and the date and time (including the applicable time zone) at which estimated closing costs expire.

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**Commentary: 37(a)(12) *Loan Identification number (Loan ID #)***

1. *Unique identifier*. The unique loan identification number is determined by the lender. Because the number must be unique under § 1026.37(a)(12), different, but related, loan transactions with a single creditor may not share the same loan identification number.

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**Commentary: 37(a)(13) *Rate lock***

1. *Interest rate*. For purposes of § 1026.37(a)(13), the interest rate is set for a specific period of time if the rate will not vary during that period, other than under circumstances that are described in any rate-lock agreement between the creditor and consumer.

2. *Expiration date*. Whether or not the interest rate is set for a specific period of time, § 1026.37(a)(13) requires the creditor to provide the date and time the terms and costs disclosed in the Loan Estimate expire if the transaction is not yet consummated, or the terms and costs are not otherwise accepted or extended.

3. *Time zone*. The disclosures required by § 1026.37(13) requires the applicable time zone for all times provided, as determined by the creditor. For example, if the creditor is located in New York and determines that the Loan Estimate will expire at 5:00 PM in the time zone applicable to its location, while standard time is in effect, the disclosure must include a reference to the Eastern time zone (*i.e.*, 5:00 p.m. EST).

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