

PUBLICATION

CFPB Focusing on Mortgage Closing Process

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Following an initial focus on altering loan qualification guidelines and servicing regulations, the Consumer Financial Protection Bureau (CFPB) has turned its attention to the loan closing process for home mortgages. Specifically, the Bureau recently sought public comment regarding perceived problems or issues encountered by consumers at closing. It is widely expected that the Bureau will use the information to issue new regulations for the various steps of the mortgage closing process.

While one can only guess at what the exact regulations will entail, an examination of the questions posed by the CFPB gives a hint at potential areas of focus. The Bureau listed 16 specific questions about closings and the steps leading up to the closing, the various types of errors and changes that occur, involvement of third parties, and the types of paperwork involved in documenting and closing a loan. The specific questions posed by the Bureau are as follows:

1. What are common problems or issues consumers face at closing? What parts of the closing process do consumers find confusing or overwhelming?
2. Are there specific parts of the closing process that borrowers find particularly helpful?
3. What do consumers remember about closing as related to the overall mortgage/home- buying process?
4. How long does the closing process usually take and do borrowers feel this time is of appropriate length?
5. How empowered do consumers seem to feel at closing? Did they come to closing with questions? Did they review the forms beforehand? Did they know that they can request their documents in advance? Did they negotiate?
6. What, if anything, have you found helps consumers understand the terms of the loan?
7. What are some common errors you have seen at closing? After closing? How are these errors detected, if at all?
8. What changes often surprise consumers at closing? How do consumers react to changes at closing?
9. How, if at all, do consumers typically seek advice during closing? In person? By phone? Online?
10. Where and to whom do consumers turn for advice during closing? Whom do they typically trust?
11. What documents do borrowers usually remember seeing? Signing?
12. What documents do consumers find particularly confusing?
13. What resources do borrowers use to define unfamiliar terms of the loan?
14. What, if anything, would you change about the closing process to make it a better experience for consumers?
15. What questions should consumers ask at closing? What are the most important pieces of information/documents for them to review?
16. What is the single most important thing a consumer should do before coming to the closing table?