# Section 16: Form of Disclosures

# 12 CFR § 1026.37(o)

## General Language

### Regulation § 1026.37(o)

(o) ***Form of disclosures.***

### Regulatory Commentary

*None.*

###

### CFPB Guide

None.

## [74] General Requirements

### Y&A Completion Instruction:

There are no completion instructions for this section. This instruction requires that all disclosures be clear and conspicuous.

### Regulatory Text § 1026.37(o)(1)

(1) **General requirements.**

(i) The creditor shall make the disclosures required by this section clearly and conspicuously in writing, in a form that the consumer may keep. The disclosures also shall be grouped together and segregated from everything else.

 (ii) Except as provided in paragraph (o)(5) **[78]** of this section, the disclosures shall contain only the information required by paragraphs (a) through (n) of this section **[see all previous manual sections]** and shall be made in the same order, and positioned relative to the master headings, headings, subheadings, labels, and similar designations in the same manner, as shown in form H-24, set forth in appendix H to this part.

### Regulatory Commentary

*1.* ***Clear and conspicuous; segregation.*** *The clear and conspicuous standard requires that the disclosures required by § 1026.37* ***[the Loan Estimate]*** *be legible and in a readily understandable form. Section 1026.37(o)(1)(i)* ***[74]*** *requires that the disclosures be grouped together and segregated from everything else. For example, creditors may not add additional pages in between the pages of the Loan Estimate, or attach to the Loan Estimate additional pages that are not provided for under § 1026.37* ***[the Loan Estimate]*** *after the last page of the Loan Estimate. As required by § 1026.37(o)(3)(i)* ***[76],*** *the disclosures for any transaction that is a federally related mortgage loan under Regulation X, 12 CFR 1024.2, must be made using the standard form H-24 of appendix H to this part. Accordingly, use of that form constitutes compliance with the clear and conspicuous and segregation requirements of § 1026.37(o)* ***[this manual section].*** *In addition, § 1026.37(o)(1)(ii)* ***[74]*** *requires creditors to disclose on the Loan Estimate only the information required by § 1026.37(a) through (n)* ***[see all previous manual sections],*** *except as otherwise provided by § 1026.37(o)* ***[this manual section],*** *and in the same order, and positioned relative to the master headings, headings, subheadings, labels, and similar designations in the same manner, as shown in form H-24, set forth in appendix H to this part. For example, creditors may not use form H-24, but include in the Loan Terms table under the subheading* ***“Can this amount increase after closing?”*** *information that is not required by § 1026.37(b)(6)* ***[19].***

*2.* ***Balloon payment financing with leasing characteristics.*** *In certain credit sale or loan transactions, a consumer may reduce the dollar amount of the payments to be made during the transaction by agreeing to make, at the end of the loan term, a large final payment based on the expected residual value of the property. The consumer may have a number of options with respect to the final payment, including, among other things, retaining the property and making the final payment, refinancing the final payment, or transferring the property to the creditor in lieu of the final payment. Such transactions may have some of the characteristics of lease transactions subject to Regulation M (12 CFR part 1013), but are considered credit transactions where the consumer assumes the indicia of ownership, including the risks, burdens, and benefits of ownership, upon consummation. These transactions are governed by the disclosure requirements of this part instead of Regulation M. Under § 1026.37(o)(1)(ii)* ***[74],*** *creditors may not include any additional information with the disclosures required by § 1026.37* ***[the Loan Estimate],*** *except as provided in § 1026.37(o)(5)* ***[78].*** *Thus, the disclosures must show the large final payment as a balloon payment in the projected payments table required by § 1026.37(c)* ***[see manual Section 4]*** *and should not, for example, reflect the other options available to the consumer at maturity.*

### CFPB Guide

None.

## [75] Headings and Labels

### Y&A Completion Instruction:

There are no completion instructions for this section. This instruction requires that all requirements for bold print and capitalization be followed.

### Regulatory Text § 1026.37(o)(2)

(2) **Headings and labels.**If a master heading, heading, subheading, label, or similar designation contains the word **“estimated”** or a capital letter designation in form H-24, set forth in appendix H to this part, that heading, label, or similar designation shall contain the word **“estimated”** and the applicable capital letter designation.

### Regulatory Commentary

*1.* ***Estimated amounts****. Section 1026.37(o)(2)* ***[75]*** *incorporates the* ***“estimated”*** *designations reflected on form H-24 of appendix H to this part into the disclosure requirements of § 1026.37* ***[the Loan Estimate],*** *even if the relevant provision of § 1026.37* ***[the Loan Estimate]*** *does not expressly require or permit disclosure of the word* ***“estimate.”*** *Where form H-24 uses the abbreviation* ***“est.”*** *in place of the word* ***“estimated,”*** *§ 1026.37(o)(2)* ***[75]*** *also incorporates that designation into its requirement. For example, § 1026.37(c)(2)(iv)* ***[23]*** *requires disclosure of the total periodic payment labeled* ***“Total Monthly Payment,”*** *but the label on form H-24 contains the designation* ***“Estimated”*** *and thus, the label required by § 1026.37(c)(2)(iv)* ***[23]*** *must contain the designation* ***“Estimated.”*** *Although many of the disclosures required by § 1026.38* ***[the Closing Disclosure]*** *cross-reference their counterparts in § 1026.37* ***[the Loan Estimate],*** *§ 1026.38(t****) [the Closing Disclosure]*** *incorporates the* ***“estimated”*** *designations reflected on form H-25, not form H-24.*

### CFPB Guide

None.

## [76] Form

### Y&A Completion Instruction:

There are no completion instructions for this section. This instruction requires that all federally related mortgage loans use the Loan Estimate form (H-24) or a substantially similar document.

### Regulation § 1026.37(o)(3)

(3) **Form.**Except as provided in paragraph (o)(5) **[78]** of this section:

(i) For a transaction subject to § 1026.19(e) that is a federally related mortgage loan, as defined in Regulation X, 12 CFR 1024.2, the disclosures must be made using form H-24, set forth in appendix H to this part.

(ii) For any other transaction subject to this section, the disclosures must be made with headings, content, and format substantially similar to form H-24, set forth in appendix H to this part.

(iii) The disclosures required by this section may be provided to the consumer in electronic form, subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (15 U.S.C. 7001 *et seq.*).

### Regulatory Commentary

*1.* ***Non-federally related mortgage loans.*** *For a non-federally related mortgage loan, the creditor is not required to use form H-24 of appendix H to this part, although its use as a model form for such transactions, if properly completed with accurate content, constitutes compliance with the clear and conspicuous and segregation requirements of § 1026.37(o)(1)(i)* ***[74].*** *Even when the creditor elects not to use the model form, § 1026.37(o)(1)* ***[74]*** *requires that the disclosures be grouped together and segregated from everything else; contain only the information required by § 1026.37(a) through (n)* ***[see all previous manual sections];*** *and be provided in the same order as they occur in form H-24, using the same relative positions of the headings, labels, and similar designations as shown in the form. In addition, § 1026.37(o)(2)* ***[75]*** *requires that the creditor include the designation of* ***“estimated”*** *for all headings, subheading, labels, and similar designations required by § 1026.37* ***[the Loan Estimate]*** *for which formH-24 contains the* ***“estimated”*** *designation in such heading, subheading, label, or similar designation. The disclosures required by § 1026.37* ***[the Loan Estimate]*** *comply with the requirement to be in a format substantially similar to form H-24 when provided on letter size (8.5” x 11”) paper.*

### CFPB Guide

None.

## [77] Rounding

### Regulatory Text § 1026.37(o)(4)

(4) **Rounding.**

(i) **Nearest dollar.**

(A) The dollar amounts required to be disclosed by paragraphs (b)(6) and (7) **[19 and 20],** (c)(1)(iii), (c)(2)(ii) and (iii), (c)(4)(ii) **[22, 23 and 25],** (f), (g), (h), (i), and (l) **and [manual sections 7, 8, 9, 10 and 13]** of this section shall be rounded to the nearest whole dollar, except that the per diem amount required to be disclosed by paragraph (g)(2)(iii) **[37]** of this section and the monthly amounts required to be disclosed by paragraphs (g)(3)(i) through (iv) **[38]** of this section shall not be rounded.

(B) The dollar amount required to be disclosed by paragraph (b)(1) **[14]** of this section shall not be rounded, and if the amount is a whole number then the amount disclosed shall be truncated at the decimal point.

(C) The dollar amounts required to be disclosed by paragraph (c)(2)(iv) **[23]** of this section shall be rounded to the nearest whole dollar, if any of the component amounts are required by paragraph (o)(4)(i)(A) **[77]** of this section to be rounded to the nearest whole dollar.

(ii) **Percentages.** The percentage amounts required to be disclosed under paragraphs (b)(2) and (6) **[15 and 19],** (f)(1)(i) **[30],** (g)(2)(iii) **[37]**, (j) **[see manual Section 11],** and (l)(3) **[64]** of this section shall not be rounded and shall be disclosed up to two or three decimal places. The percentage amount required to be disclosed under paragraph (l)(2) **[63]** of this section shall be disclosed up to three decimal places. If the amount is a whole number then the amount disclosed shall be truncated at the decimal point.

### Regulatory Commentary

*1.* ***Rounding.*** *Consistent with § 1026.2(b)(4), except as otherwise provided in § 1026.37(o)(4)* ***[77],*** *any amount required to be disclosed by § 1026.37* ***[the Loan Estimate]*** *is not permitted to be rounded and is disclosed using decimal places where applicable, unless otherwise provided.*

*2.* ***Calculations.*** *If a dollar amount that is required to be rounded by § 1026.37(o)(4)(i)* ***[77]*** *on the Loan Estimate is a total of one or more dollar amounts that are not required or permitted to be rounded, the total amount must be rounded consistent with § 1026.37(o)(4)(i)* ***[77],*** *but such component amounts used in the calculation must use such unrounded numbers. In addition, if any such unrounded component amount is required to be disclosed under § 1026.37* ***[the Loan Estimate],*** *consistent with § 1026.2(b)(4), it should be disclosed as an unrounded number. If an amount that is required to be rounded by § 1026.37(o)(4)(i)* ***[77]*** *on the Loan Estimate is a total of one or more components that are also required to be rounded by § 1026.37(o)(4)(i)* ***[77],*** *the total amount must be calculated using such rounded amounts. For example, the subtotals required to be disclosed by § 1026.37(f)(1), (2), and (3)* ***[30 through 32]*** *are calculated using the rounded amounts disclosed under those subsections. See also comment 37(o)(4)(i)(C)-1* ***[77].*** *However, the amounts required to be disclosed by § 1026.37(l)* ***[see manual Section 11]*** *reference actual amounts for their components, rather than other amounts disclosed under § 1026.37* ***[the Loan Estimate]*** *and rounded pursuant to § 1026.37(o)(4)(i)* ***[77],*** *and thus, they are calculated using unrounded numbers.*

***Paragraph 37(o)(4)(i)(A).***

*1.* ***Rounding of dollar amounts.*** *Section 1026.37(o)(4)(i)(A)* ***[77]*** *requires that certain dollar amounts be rounded to the nearest whole dollar. For example, pursuant to § 1026.37(o)(4)(i)(A)* ***[77],*** *periodic mortgage insurance payments of $164.50 are required to be disclosed under § 1026.37(c)(2)(ii)* ***[23]*** *as $165. However, if the periodic mortgage insurance payment equaled $164.49, the creditor would disclose $164.*

***Paragraph 37(o)(4)(i)(B).***

*1.* ***Rounding of loan amount.*** *Section 1026.37(o)(4)(i)(B)* ***[77]*** *requires the loan amount to be disclosed truncated at the decimal place if the loan amount is a whole number. For example, if § 1026.37(b)(1)* ***[14]*** *requires disclosure of a loan amount of $481,516.23, the creditor discloses the amount as $481,516.23. However, if the loan amount required to be disclosed were $481,516.00, the creditor would disclose $481,516.*

***Paragraph 37(o)(4)(i)(C).***

*1.* ***Rounding of the total monthly payment.*** *Section 1026.37(o)(4)(i)(C)* ***[77]*** *requires the total monthly payment amount disclosed under § 1026.37(c)(2)(iv)* ***[23]*** *to be rounded if any of its components are rounded. For example, if the total monthly payment disclosed under § 1026.37(c)(2)(iv)* ***[23]*** *is composed of a $2,000.49 periodic principal and interest payment required to be disclosed by § 1026.37(c)(2)(i)* ***[23]*** *and a $164.49 periodic mortgage insurance payment required to be disclosed by § 1026.37(c)(2)(ii)* ***[23],*** *the creditor would calculate the total monthly payment by adding the exact periodic principal and interest payment of $2,000.49 and the rounded periodic mortgage insurance payment of $164, round the total, and disclose $2,164.*

***37(o)(4)(ii) Percentages.***

*1.* ***Decimal places.*** *Section 1026.37(o)(4)(ii)* ***[77]*** *requires the percentage amounts disclosed to be truncated at the decimal point, if the amount is a whole number. For example, a 7.005 percent annual percentage rate is disclosed in compliance with § 1026.37(o)(4)(ii)* ***[77]*** *as* ***“7.005%,”*** *but a 7.000 percent annual percentage rate would be disclosed as* ***“7%.”*** *If any percentage amounts required to be disclosed contain more than three decimal places, they shall be rounded to three decimal places.*

### CFPB Guide

None.

## [78] Exceptions

### Regulatory Text § 1026.37(o)(5)

(5) **Exceptions.**

(i) **Unit-period**. Wherever the form or this section uses “monthly” to describe the frequency of any payments or uses **“month”** to describe the applicable unit-period, the creditor shall substitute the appropriate term to reflect the fact that the transaction’s terms provide for other than monthly periodic payments, such as bi-weekly or quarterly payments.

(ii) **Translation.** The form may be translated into languages other than English, and creditors may modify form H-24 of appendix H to this part to the extent that translation prevents the headings, labels, designations, and required disclosure items under this section from fitting in the space provided on form H-24.

(iii) **Logo or slogan.**The creditor providing the form may use a logo for, and include a slogan with, the information required by paragraph (a)(3) **[3]** of this section in any font size or type, provided that such logo or slogan does not cause the information required by paragraph (a)(3) **[3]** of this section to exceed the space provided for that information, as illustrated in form H-24 of appendix H to this part. If the creditor does not use a logo for the information required by paragraph (a)(3) **[3]** of this section, the information shall be disclosed in a similar format as form H- 24.

(iv) **Business card**. The creditor may physically attach a business card over the information required to be disclosed by paragraph (a)(3) **[3]** of this section.

(v) **Administrative information.**The creditor may insert at the bottom of each page under the disclosures required by this section as illustrated by form H-24 of appendix H to this part, any administrative information, text, or codes that assist in identification of the form or the information disclosed on the form, provided that the space provided on form H-24 of appendix H to this part for any of the information required by this section is not altered.

### Regulatory Commentary

*1.* ***Permissible changes.*** *The changes required or permitted by § 1026.37(o)(5)* ***[78]*** *are permitted for federally related mortgage loans for which the use of form H-24 is required under § 1026.37(o)(3)* ***[76]****. For non-federally related mortgage loans, the changes required or permitted by § 1026.37(o)(5)* ***[78]*** *do not affect the substance, clarity, or meaningful sequence of the disclosure and therefore, are permissible. Any changes to the disclosure not specified in § 1026.37(o)(5)* ***[78]*** *or not permitted by other provisions of § 1026.37* ***[the Loan Estimate]*** *are not permissible for federally related mortgage loans. Creditors in non-federally related mortgage loans making any changes that affect the substance, clarity, or meaningful sequence of the disclosure will lose their protection from civil liability under TILA section 130.*

*2.* ***Manual completion.*** *Section 1026.37(o)* ***[this manual section]*** *does not require the creditor to use a computer, typewriter, or other word processor to complete the disclosure form. The information and amounts required to be disclosed by § 1026.37* ***[the Loan Estimate]*** *on form H-24 of appendix H to this part may be filled in by hand printing or using any other method, provided the information is clear and legible and complies with the formatting required by form H-24, including replicating bold font where required.*

*3.* ***Contact information.*** *If a transaction involves more than one creditor or mortgage broker, the space provided on form H-24 of appendix H to this part for the contact information required by § 1026.37(m)* ***[see manual Section 14]*** *may be altered to add additional labels to accommodate the additional information of such parties, provided that the information required by § 1026.37(l), (m), and (n)* ***[see manual Sections 13 through 15]*** *are disclosed on the same page as illustrated by form H-24. If the space provided on form H-24 of appendix H to this part does not allow for the disclosure of such contact and other information on the same page, an additional page may be added to provide the required contact information with an appropriate reference to the additional page.*

*4.* ***Unit-period.*** *Section 1026.37(o)(5)(i)* ***[78]*** *provides that wherever form H-24 or § 1026.37* ***[the Loan Estimate]*** *applicable unit-period, the creditor is required to substitute the appropriate term to reflect the fact that the transaction’s terms provide for other than monthly periodic payments, such as bi-weekly or quarterly payments. For purposes of § 1026.37* ***[the Loan Estimate],*** *the term* ***“unit-period”*** *has the same meaning as in appendix J to Regulation Z.*

*5.* ***Additional page.*** *Information required or permitted to be disclosed by § 1026.37* ***[the Loan Estimate]*** *on a separate page should be formatted similarly to form H-24 of appendix H to this part, so as not to affect the substance, clarity, or meaningful sequence of the disclosure. In addition, information provided on additional pages should be consolidated on as few pages as necessary to not affect the substance, clarity, or meaningful sequence of the disclosure.*

*6.* ***Translation.*** *Section 1026.37(o)(5)(ii)* ***[78]*** *permits the translation of form H-24 into languages other than English, consistent with § 1026.27. Pursuant to § 1026.37(o)(5)(ii)* ***[78]*** *creditors may modify form H-24 to the extent that translation prevents the headings, labels, designations, and required disclosure items under § 1026.37* ***[the Loan Estimate]*** *from fitting in the space provided on form H-24. For example, if the translation of a required label does not fit within the line provided for such label in form H-24, the label may be disclosed over two lines. See form H-28 of appendix H to this part for Spanish translations of form H-24.*

### CFPB Guide

None.