

FOR IMMEDIATE RELEASE

A TIP IS NOW REQUIRED WITH YOUR HOME MORTGAGE LOAN

Minneapolis, MN, October 3, 2015 –

Effective immediately, by consumer demand, a TIP is now required when you obtain a home mortgage loan. Borrowers knew that obtaining a home mortgage loan was expensive, but effective October 3rd, 2015 – the cost is magnified. Regulations have placed a magnifying glass over the cost of borrowing, to help borrowers see the cost in a new, clearer way.

Previous home buyers may remember a big, scary number on their mortgage loan paperwork. That number is officially known as “Finance Charge” with a description of: “The dollar amount the loan will cost you”. Now “Finance Charge” is being utilized in a new way. There are two new figures to represent the cost of borrowing: a dollar amount – the TOTAL cost over five years (including Principal, Interest, Mortgage Insurance and Loan Costs) and the TIP. The TIP or Total Interest Percentage is part of the new disclosures that take place of some familiar disclosures. The TIP uses the Finance Charge and is divided by the loan amount to determine the Total Interest Percentage paid over the life of the loan. In other words, the TIP expresses: “The total amount of interest that you will pay over the loan term as a percentage of your loan amount.” For example, if the borrower is obtaining a loan for \$100,000 and over the life of the loan, the interest costs are \$75,000 – the TIP would be 75%. If that same loan has interest costs of \$80k over the life of the loan, the TIP would be 80%. Since the TIP represents the total interest costs over the life of the loan, the TIP will generally be a higher percentage figure. The TIP is not your interest rate or your Mortgage APR (Annual Percentage Rate). The loan’s interest rate and APR are both expressed as annual rates. For more information on Mortgage APR, see APR.MLSMtg.com.

At the beginning of the mortgage loan process, instead of receiving the [Initial TIL Disclosure and the Good Faith Estimate](#), borrowers will receive a new [“Know Before You Owe” Loan Estimate](#). On the Loan Estimate, the TIP is found on Page 3 under “Comparisons”. At the end of the mortgage loan process, instead of receiving a [HUD-1 Settlement Statement and Final Truth-In-Lending Disclosure](#), borrowers will now receive a [“Know Before You Owe” Closing Disclosure](#). On the Closing Disclosure, the TIP is found on page 5 under “Loan Calculations”, along with that same, familiar Finance Charge. The Loan Estimate and Closing Disclosure were designed to be easily compared at Closing, ensuring there weren’t major changes to the mortgage loan terms.

MLS Mortgage Group is a local, Minneapolis Mortgage Broker with access to many different lenders with varying rates and programs. We have partnered with REALTORS® since the beginning to ensure a positive home buying experience. MLS Mortgage Group is passionate about the community and "keeping it local". Phone number: 612-789-LOAN (5626).

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