

When it comes to home buying. The Consumer Financial Protection Bureau wants you to know before they owe. Mortgages are complex transactions that may include risky features. The *Know Before You Owe* rule went into effect August 1, 2015. This new rule will simplify and improve disclosure forms for mortgage transactions.

The new Loan Estimate and Closing Disclosure forms are designed to be easier to use and understand. Beginning August 1st, lenders will be required to give consumers three days to review the forms before signing anything.

If you are buying a home, here's how you can benefit from *Know Before You Owe*:

- Clear language will help consumers understand complicated mortgage loan and real estate transactions.
- Critical information such as the interest rate, monthly payments, and the total closing costs will be highlighted on the first page. This will make it easier to compare costs.
- Information about the costs of taxes and insurance and how the interest rate and payments may change in the future will be provided.
- Warnings about features you may want to avoid, like penalties for paying off the loan early or increases to the mortgage loan balance even if payments are made on time.
- Reliable cost estimates for services required to close a mortgage loan, for example, appraisal or pest inspection fees.
- The Closing Disclosure must be received at least three business days before closing. This additional time will allow you to compare the final terms and ask questions before you arrive at the closing table.

Learn more about *Know Before You Owe* at <http://www.consumerfinance.gov>.

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