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The disclosure statement should also list any existing loans or liens against the property. If you expect the new loan to pay off a debt, check to be sure that debt is listed. The disclosure must also state if a prepayment penalty will apply if you pay off the loan early.

Be sure to ask for this disclosure statement before you sign the loan papers. You do not become obligated to accept the loan until you sign the loan agreement or promissory note. If the disclosure statement does not describe the terms that you expect or want, do not sign the loan papers. Any changes from the original terms, cost, or expenses must be disclosed to you in a timely manner.

If the loan transaction is federally related, you should also receive a Loan Estimate or a Good Faith Estimate and certain Truth In Lending disclosures. These are federal disclosures that together generally provide similar information to the MLDS. (See discussions on pages 23 and 24 regarding RESPA and the Truth in Lending Act.) Regardless of how you receive the disclosures, the broker must advise you of any compensation received or expected from the lender and whether the loan includes a balloon payment.

## **GET IT IN WRITING**

Do not be afraid to ask the mortgage broker or lender to show you where the loan papers describe any particular features of the loan that have been promised to you. If the terms you have been promised are not there, ask the mortgage broker or lender to put them in writing. Promises made only orally may not be enforceable.

## **REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)**

The RESPA is a federal law administered by the Consumer Financial Protection Bureau (CFPB). RESPA only applies to federally related loans and requires, among other things, that mortgage brokers provide detailed information on settlement costs so that buyers and borrowers can shop around for settlement services. Mortgage brokers and lenders must provide an estimate of costs the borrower is likely to incur at close of escrow. The broker must present this estimate not later than three business days after receipt of a written loan application. The estimate will contain information similar to the MLDS required by California law.