

Deferred Payment Loans & First-Generation Homebuyer Loans

IMPORTANT: Loans must be disclosed separately.

Option 1: Disclosure if Lender Opting for Partial Exemption under Regulation Z (12 CFR §1026.3(h)).

- **Forms:** Use a disclosure form that meets the compliance requirements of 12 CFR § 1026.18.
- **Fees:** When exercising the partial exemption, no finance charges or vendor fees can be charged to the borrower. Allowable fees on a loan that qualifies for partial exemption are specified in 12 CFR § 1026.3(h)(5).
- **Action:** Provide partial exemption disclosures. Model Form [H-3](#) is an option that is approved by Minnesota Housing.
- **Timing:** Minnesota Housing requires that disclosures be signed by the borrower at or before closing.
- **Additional Disclosure:**
 - The First-Generation Homebuyer Loan may have a balloon payment and must be disclosed. [Refer to Sample Partial Disclosure: First-Generation Homebuyer Loan](#)
 - The Deferred Payment has a balloon payment, and the Balloon Payment Model Disclosure Clause must be used. [Refer to Sample Partial Disclosure: Deferred Payment Loan and DPL Plus](#)

Option 2: TRID Disclosures if Lender not Opting for a Partial Exemption Under Regulation Z.

- **Forms:** Use TRID disclosure forms such as the Mortgage Loan Transaction Estimate which satisfies 12 CFR 1026.3(e) and the Closing Disclosure which satisfies 12 CFR 1026.3(f).
- **Fees:** TRID disclosures are required if the loan has specific fees that are not allowed under the partial exemption such as a finance charge like title company/closing agent fees.
- **Action:** Provide the TRID disclosures.
- **Timing:** Minnesota Housing requires that disclosures be signed by the borrower at or before closing.
- **Additional Disclosure:**
 - The First-Generation Homebuyer Loan may have a balloon payment and must be disclosed.
 - The Deferred Payment has a balloon payment, and the Balloon Payment Model Disclosure Clause must be used.

Monthly Payment Loans

Monthly Payment Loans are not a type of loan that qualify for a partial exemption under Regulation Z and TRID disclosure requirements apply.

- **Forms:** Use disclosure forms that correspond with the Mortgage Loan Transaction Estimate which satisfies 12 CFR 1026.3(e) and the Closing Disclosure which satisfies 12 CFR 1026.3(f).
- **Fees:** Fees to the borrower must include a \$175 servicing fee.
- **Action:** Provide the TRID disclosures.
- **Timing:** Minnesota Housing requires that disclosures be signed by the borrower at or before closing.

This document is not intended to constitute legal advice and is for general informational purposes only. If you have questions about federal law or how TILA RESPA Integrated Disclosures apply to your loan products, please contact your legal team.