

37(a)(9) Purpose.
 1. General. Section 1026.37(a)(9):
 i. **Purchase**. The consumer intends to use the proceeds from the transaction to **purchase** the property that will secure the extension of credit.
 ii. **Refinance**. The consumer **refinances an existing obligation** already secured by the consumer's dwelling to change the rate, term, or other loan features and may or may not receive cash from the transaction. For example, in a refinance with no cash provided, the new amount financed does not exceed the unpaid principal balance, any earned unpaid finance charge on the existing debt, and amounts attributed solely to the costs of the refinancing. Conversely, in a refinance with cash provided, the consumer refinances an existing mortgage obligation and receives money from the transaction that is in addition to the funds used to pay the unpaid principal balance, any earned unpaid finance charge on the existing debt, and amounts attributed solely to the costs of the refinancing. In such a transaction, the consumer may, for example, use the newly-extended credit to pay off the balance of the existing mortgage and other consumer debt, such as a credit card balance.
 iii. **Construction**. Section 1026.37(a)(9)(iii) requires the creditor to disclose that the loan is for construction in transactions where the creditor extends credit to finance only the cost of **initial construction** (construction-only loan), **not renovations to existing dwellings**, and in transactions where a multiple advance loan may be permanently financed by the same creditor (**construction-to-permanent loan**). In a construction-only loan, the borrower may be required to make interest only payments during the loan term with the balance commonly due at the end of the construction project. For additional guidance on disclosing construction-to-permanent loans, see § 1026.17(c)(6)(ii), comments 17(c)(6)-2 and -3, and appendix D to this part.
 iv. **Home equity loan**. The creditor is required to disclose that the credit is for a "home equity loan" if the creditor intends to extend credit **for any purpose other than a purchase, refinancing, or construction**. This disclosure applies whether the loan is secured by a first or subordinate lien.



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Home Improvement Loan Scenarios	Construction Phase LE&CD	Permanent Phase LE&CD
Home Improvement Loan Not Initial Construction (Land Purchase Included -No Dwelling Refinance Included)	Purchase	NA
Home Improvement Loan Not Initial Construction (No Land Purchase Included-Dwelling Refinance Included)	Refinance	NA
Home Improvement Loan Not Initial Construction (No Land Purchase Included-No Dwelling Refinance Included)	Home equity	NA
		NA
Initial Construction Loan Scenarios		
Initial Construction Loan Not Home Improvement (Land Purchase Included -No Dwelling Refinance Included)	Purchase	NA
Initial Construction Loan Not Home Improvement (No Land Purchase Included-Land Refinance Included)	Refinance	NA
Initial Construction Loan Not Home Improvement (No Land Purchase Included-Dwelling Refinance Included)	Refinance	NA
Initial Construction Loan Not Home Improvement (No Land Purchase Included-No Land/Dwelling Refinance Included)	Construction	NA
One Time Close Home Improvement Loan Scenarios (Lender elects to disclose as 2 separate transactions)		
One Time Close "Purchase Plus Home Improvements" (Land Purchase Included -No Dwelling Refinance Included)	Purchase	Refinance
One Time Close "Refinance Plus Home Improvements" (No Land Purchase Included-Dwelling Refinance Included)	Refinance	Refinance
One Time Close "Home Improvement" (No Land Purchase Included-No Dwelling Refinance Included)	Home equity	Refinance
One Time Close Initial Construction Loan Scenarios (Lender elects to disclose as 2 separate transactions)		
One Time Close-Initial Construction (Land Purchase Included -No Dwelling Refinance Included)	Purchase	Refinance
One Time Close-Initial Construction (No Land Purchase Included-Land Refinance Included)	Refinance	Refinance
One Time Close-Initial Construction (No Land Purchase Included-Dwelling Refinance Included)	Refinance	Refinance
One Time Close-Initial Construction (No Land Purchase Included-No Land/Dwelling Refinance Included)	Construction	Refinance
Vacant Land/Lot Loan Scenarios		
Purchase of vacant land, consumer purpose	NA	Purchase
Purchase of vacant land, additional money for construction	Purchase	NA
Rate/term refinance of vacant land	NA	Refinance
Rate/term refinance of vacant land with additional cash out	NA	Refinance
Cash out refinance of vacant land	NA	Refinance