TRID

What is TRID?
TRID is an acronym for TILA-RESPA Integrated Disclosure (also referred to as the TILA-RESPA Rule) and applies to most closed-end Borrower credit transactions secured by real property. The rule does not apply to HELOCs, reverse mortgage, and a dwelling not attached to real property (i.e. mobile homes).

TRID consolidates four existing disclosures required under TILA and RESPA for closed-end credit transactions secured by real property into two forms:

- a Loan Estimate (combines the Good Faith Estimate and the Initial Truth-In-Lending Statement)
- a Closing Disclosure (combines the HUD-1 and the Final Truth-In-Lending Statement)

What is the Effective Date of the TILA-RESPA rule?
The new disclosures must be provided for all loan applications received on or after August 1, 2015. Applications received prior to August 1, 2015 will still use the current GFE, HUD-1, and Truth-in-Lending forms.

If the Loan Estimate is not provided to the Borrower in person, the Borrower is considered to have received the Loan Estimate three business days after it is delivered or placed in the mail.

The Loan Estimate must also be delivered or placed in the mail no later than the seventh business day before consummation* of the transaction.

* Consummation occurs when the Borrower becomes contractually obligated to the Lender on the loan. (Purchase = Date of Closing; Refinance = End of Rescission Period; Escrow States = Date of Disbursement)

The Borrower may modify or waive the seven-business-day waiting period after receiving the Loan Estimate if the Borrower has a bona-fide personal financial emergency that necessitates consummating the credit transaction before the end of the waiting period.

Are there any Other Requirements that take Effect on August 1, 2015?
In addition to the implementation of the new disclosures, the following restrictions take effect on August 1, 2015, regardless of whether an application has been received on that date:

- No fees may be imposed on a Borrower in connection with the loan application until the Borrower has received the Loan Estimate AND has indicated intent to proceed with the transaction.
- Providing written estimates of terms or costs specific to Borrowers before they receive the Loan Estimate without a written statement informing the Borrower that the terms and costs may change; and
- Requiring the submission of documents verifying information related to the Borrower’s application before providing the Loan Estimate.

What are the Timing Requirements for Revisions to a Loan Estimate?
A revised Loan Estimate must be delivered or placed in the mail to the Borrower no later than three business days after receiving a bona fide change circumstance.

A revised Loan Estimate cannot be issued on or after the date the Closing Disclosure is provided.

The revised Loan Estimate must be received by the Borrower no later than four business days prior to consummation. If the revised Loan Estimate is being mailed it must be placed in the mail no later than seven business days before consummation of the transaction to allow 3 business days for receipt.

However, if the Lender has evidence that the Borrower received the revised Loan Estimate earlier than three business days after it is mailed or delivered, it may rely on that evidence and consider it to be received on that date.

NOTE: For purposes of the four-business-day period prior to consummation, “business day” means all calendar days except Sundays and legal public holidays such as New Year’s Day, the Birthday of Martin Luther King, Jr., Washington’s Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

Can a Loan Estimate be Revised after a Closing Disclosure already has been provided?
No. A revised Loan Estimate may not be provided on or after the date the Lender provides the Borrower with the Closing Disclosure. Because the Closing Disclosure must be provided to the Borrower no later than three business days before consummation, this means the Borrower must receive a revised Loan Estimate no later than four business days prior to consummation.
What if a Changed Circumstance Occurs Too Close to Consummation for the Lender to Provide a Revised Loan Estimate?
If there are less than four business days in between the time the revised Loan Estimate would have been required to be provided to the Borrower and consummation, the Lender may provide a Closing Disclosure reflecting any revised charges resulting from the changed circumstance and rely on those figures (rather than the amounts disclosed on the Loan Estimate) for purposes of determining good faith and the applicable tolerance.

- If the changed circumstance occurs between the fourth and third business days from consummation, the Lender may reflect the revised charges on the Closing Disclosure provided to the Borrower three business days before consummation.
- If the event occurs after the first Closing Disclosure has been provided to the Borrower (i.e., within the three-business-day waiting period before consummation), the Lender may use revised charges on the Closing Disclosure provided to the Borrower at consummation, and compare those amounts to the amounts charged for purposes of determining good faith and tolerance.

What are the General Requirements for the Closing Disclosure?
The Borrower must receive the Closing Disclosure no later than three business days before consummation of the loan and generally must contain the actual terms and costs of the transaction. Lenders may estimate disclosures using the best information reasonably available when the actual term or cost is not reasonably available to the Lender at the time the disclosure is made. The Lender is required to provide corrected disclosures containing the actual terms of the transaction at or before consummation.

If the actual terms or costs of the transaction change prior to consummation, the Lender must provide a corrected disclosure that contains the actual terms of the transaction and comply with the timing requirements, and requirements for providing corrected disclosures due to subsequent changes.

**NOTE:** If a corrected disclosure is issued, the Borrower must be provided with an additional three-business-day waiting period prior to consummation.

Can a settlement agent provide the Closing Disclosure on the Lender’s behalf?
Yes. The settlement agent may provide the Closing Disclosure to Borrowers on the Lender’s behalf. But it is the Lender’s legally responsibility to ensure that the Closing Disclosure meets the delivery and required timing requirements, as well as, for any errors or defects.

What changes before consummation require a new waiting period?
If one of the following occurs after delivery of the Closing Disclosure and before consummation, the Lender must provide a corrected Closing Disclosure containing all changed terms and ensure that the Borrower receives it no later than three business days before consummation.

- **The disclosed APR becomes inaccurate.** If the annual percentage rate (APR) previously disclosed becomes inaccurate, the Lender must provide a corrected Closing Disclosure with the corrected APR disclosure and all other terms that have changed. The APR’s accuracy is determined according to § 1026.22.
- **The loan product changes.** If the loan product previously disclosed becomes inaccurate, the Lender must provide a corrected Closing Disclosure with the corrected loan product and all other terms that have changed.
- **A prepayment penalty is added.** If a prepayment penalty is added to the transaction, the Lender must provide a corrected Closing Disclosure with the prepayment penalty provision disclosed and all other terms that have changed.

What changes do not require a new three-day waiting period?
For any other changes before consummation that do not fall under the three categories above (i.e., related to the APR, loan product, or the addition of a prepayment penalty), the Lender still must provide a corrected Closing Disclosure with any terms or costs that have changed and ensure that the Borrower receives it.

For these changes, there is no additional three-business-day waiting period required. The Lender must ensure only that the Borrower receives the revised Closing Disclosure at or before consummation.
**TRID Policy Impact Considerations**

**Forms Review - Loan Estimate**

- **Rate lock no longer has importance dates section**
- **Zero tolerance bucket**
- **Zero tolerance bucket**
- **Tolerance may vary up or down any amount if borrower selects provider not disclosed on SSPL; otherwise subject to 10% aggregate variance; Owners Title ins may vary regardless**
- **Yes or no itemization for escrow**
- **Formula view similar to DOT**
- **Funds for borrower -0- in purchase transaction**
- **2 new Tables for Variable loans – index and margin now disclosed**
TRID Policy Impact Considerations
Forms Review- Loan Estimate

Additional Information About This Loan

Comparisons

| In 5 Years | Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off. |
| Annual Percentage Rate (APR) | Your costs over the loan term expressed as a rate. This is not your interest rate. |
| Total Interest Percentage (TIP) | The total amount of interest that you will pay over the loan term as a percentage of your loan amount. |

Other Considerations

- **Appraisal**: We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
- **Assumption**: If you sell or transfer this property to another person, we will allow, under certain conditions, this person to assume this loan on the original terms. ☐ will not allow assumption of this loan on the original terms.
- **Homeowner's Insurance**: This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
- **Late Payment**: If your payment is more than _____ days late, we will charge a late fee of ______________.
- **Refinance**: Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
- **Servicing**: We intend ☑ to service your loan. If so, you will make your payments to us. ☐ to transfer servicing of your loan.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

<table>
<thead>
<tr>
<th>Applicant Signature</th>
<th>Date</th>
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LE page 3

- New comparison TIP now disclosed- total amount of interest paid as percentage of the loan amount
- ECOA verbiage for Right to Copy of Appraisal now included within LE
- RESPA requirement for Servicing Disclosure now included within LE
- Signature line is now available but not required; would like AOHL to format as electronic signature type
TRID Policy Impact Considerations
Forms Review- Closing Estimate

Overall sections of page 1 mirror LE

3 column table for borrower/seller or “other”
Paid designations; comp from a creditor to TPO is Paid by Other and (L) can be shown by amount

Reflect costs charged to borrower or seller not required to be disclosed on LE- ex. HOA/inspection fee/RE brokerage fees/warranties

All general lender credits shown here; if credit is to offset a charge for item on pg 2 of the CD, the amount should be listed with the item and (L) designated next to the fee
TRID Policy Impact Considerations
Forms Review- Closing Estimate

9 item comparison chart for LE vs. Final with clear notation of changes for the consumer- if answer is yes you must indicate where the change can be found on the LE

For a refi lender can replace this summary with payoffs and payments table

Other credits are from a party other than seller or creditor- ex. RE agent or escrow balance transfer

Escrow table to review account over 1 year period; property costs include HOA*

Variable tables from LE included
### Loan Calculations

Total of Payments: Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.

Finance Charge: The dollar amount the loan will cost you.

Amount Financed: The loan amount available after paying your upfront finance charge.

Annual Percentage Rate (APR): Your costs over the loan term expressed as a rate. This is not your interest rate.

Annual Percentage Interest (TIP): The total amount of Interest that you will pay over the loan term as a percentage of your loan amount.

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### Other Disclosures

**Appraisal**
- If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing.
- If you have not yet received it, please contact your lender at the Information listed below.

**Contact Details**
- Your note and security instrument for information about:
  - what happens if you fail to make your payments,
  - what is a default on the loan,
  - situations in which your lender can require early repayment of the loan, and
  - rules for making payments before they are due.

**Liability after Foreclosure**
- If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan, you may lose your protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.

**Tax Deductions**
- If you borrow more than this property is worth, the interest on the loan amount above this property’s fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

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### Questions?

If you have questions about the loan terms or costs on this form, use the information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing.

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### Contact Information

- **Lender**
  - Name
  - Address
  - NMLS ID
  - License ID
  - Contact
  - Contact NMLS ID
  - License ID
  - Email
  - Phone

- **Mortgage Broker**
- **Real Estate Broker (B)**
- **Real Estate Broker (S)**
- **Settlement Agent**

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**Loan Calculations** are representative of information typically found on the TIL; new TIP amount is disclosed again; **NOTE**: feedback to the bureau from consumers deemed that APR was not an important factor in choosing a lender or program. Hence it was moved to the last page of the CD.

* Appraisal - ECOA appraisal provision 3 business days prior to closing located here. (HPML)

Loan contact information required; NMLS licensing information captured for creditor and originator.

Signature line is now available but not required; would like AOHL to format as electronic signature type.