

TRID

TILA RESPA Integrated Disclosures

August 18, 2015

TRID and TPO Business

TPOs and the Loan Estimate

- Broker's receipt of an application triggers the obligation to provide the LE within 3 business days.
- If the broker provides the LE:
 - Broker must comply with all relevant requirements.
 - If creditor is unknown, Broker leaves Loan ID# and lender info blank.
- If creditor accepts a loan after the LE has been provided, creditor is bound by the tolerance limitations.
- If the broker provides an incorrect LE, the creditor is still responsible and may not issue a revised LE correcting the error.

NOTE: At this time, CMG, along with other creditors, will not allow a broker to deliver an LE on behalf of CMG. CMG will not accept a Broker's Loan Estimate. Mini-Correspondent Lenders will continue to issue early disclosures. Other lenders are allowing the broker to prepare the LE; however, the lender will review the LE before allowing the loan to be registered.

TPOs, LEs, and CMG

That would mean: Third Party Originators, Loan Estimates, and CMG Financial. Acronym dictionary available upon request. . .

- Brokers will register applications through an online portal.
 - Application date will be an initial question. If the date is more than 2 days, the portal will not accept the registration.
 - Quick-lock is available; however, the LE request must be made within 48 hours/2 days.
 - The 2 day rule is for application or lock date whichever comes first.
 - Online portal does allow for a 3.2 file upload

Tips & Reminders: TPOs and the Loan Estimate

- Fee Collection Restrictions – Decide and Converse
 - No fee's may be imposed before the borrower has **received** the Loan Estimate **and** indicated an intent to proceed with the transaction.
 - Payment info may **NOT** be obtained until the intent to proceed is received from the borrower.
 - CMG is allowing the broker to receive the intent to proceed which triggers the broker to order the appraisal.
 - Appraisal cannot be ordered before the LE has been sent and the borrower has provided the intent to proceed.
- TPO Affiliates
 - Be sure and discuss inclusion of TPO Affiliates on the Written List of Service Providers. CFPB has indicated this may be a violation of RESPA Section 8.
 - If the affiliate is used, the fee of the affiliate is a 0% variance threshold fee whether or not the affiliate was listed on the Written List of Service Providers.

Tips & Reminders: TPOs and the Loan Estimate

- LE and Fee Worksheet Considerations
 - Verifying documentation cannot be required before providing the LE
 - Watch how you communicate with your TPO to avoid this happening!
 - Cannot require a Seller or Builder Agreement in order to provide the LE.
 - If a Fee Worksheet is provided before the LE, make sure the worksheet does not look similar in design to an LE and has the following statement.
 - “Your actual rate, payment and costs could be higher. Get an official Loan Estimate before choosing a loan.”
- If the TPO will be allowed to provide the LE, be sure to have a way to document if the alternative LE was used in a refinance.
 - If an alternative LE is used the matching alternative CD must be used.

TPOs and COCs for LEs and CDs

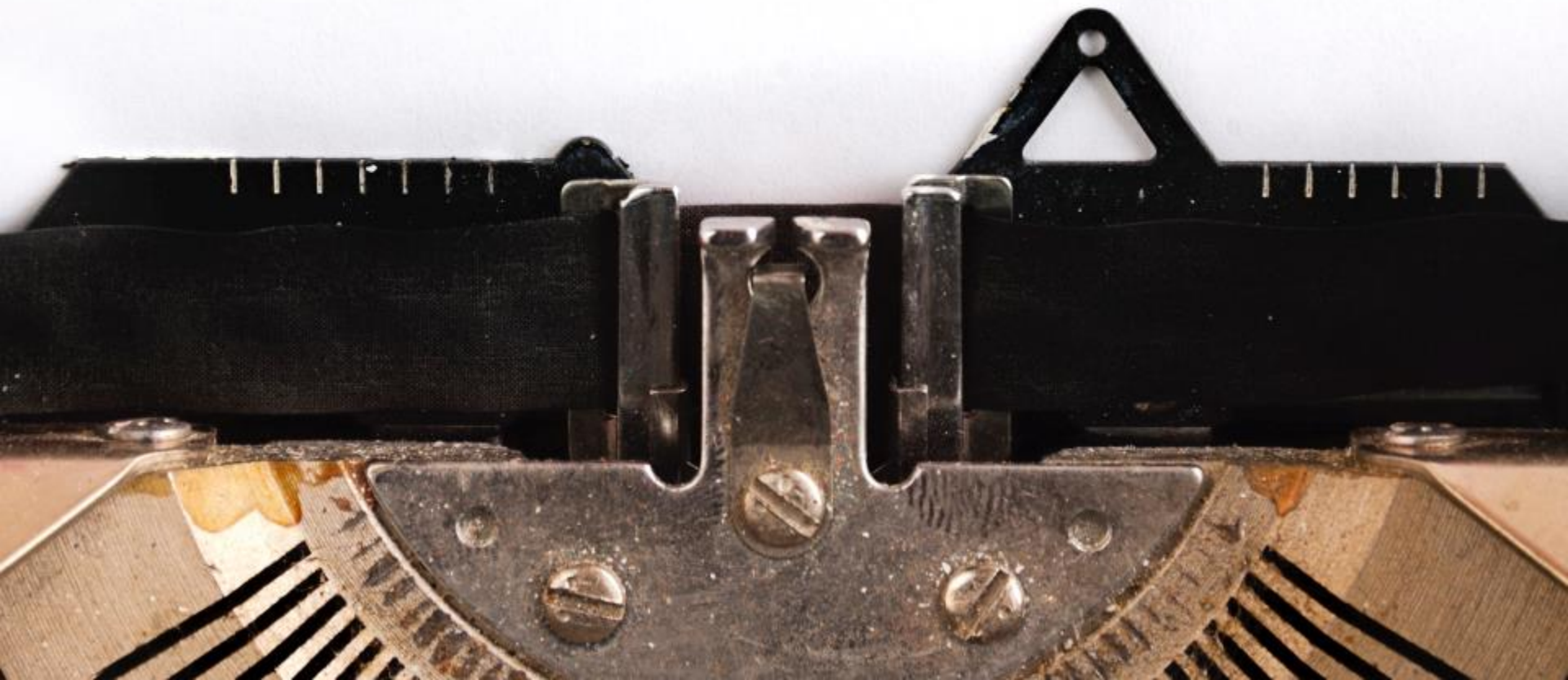
Again with all the acronyms: Change of Circumstance, Loan Estimate and Closing Disclosure. Before long, we will all need a PHD. . .

- COCs and Revised Loan Estimates
 - Make sure communication with your TPO is frequent. Timing on a Revised LE starts with either knowledge by the Lender or the Broker.
 - If your broker is going to send the initial, will you allow them to send Revised Loan Estimates?
 - The rule allows for Revised LEs when the 10% variance threshold is not exceeded. Remember, it does not reset your baseline.
 - Determine your policy and let your TPOs know!
- COCs and Revised Closing Disclosures
 - There is much ambiguity around baseline reset with Revised CDs. Discuss, check with investors, and communicate to your TPOs.
 - Determine if you will send a Revised CD 24 hours in advance, only if a revision occurs or only if borrower requests.

TPOs and the Closing Disclosure

- Assumption: TPOs will not create the CD.
- A couple CD delivery reminders:
 - Purchase Transaction: Primary borrower must **receive** the CD three business days before closing.
 - Refinance Transaction: All parties on title must **receive** the CD three business days before closing.
 - Settlement Agent handles the seller's CD.
 - Waiver allowed for the three day wait. Must be a substantial financial emergency. CFPB uses foreclosure as an example.
- Alternate LE means Alternate CD.
 - If your TPO sends the LE, be sure you know which one they sent.
- As always, Happy TRIDing!

ANY QUESTIONS?





This is not meant to be legal advice.

Please seek legal counsel as you implement TRID.



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