

TILA / RESPA INTEGRATED DISCLOSURES

NEWSLETTER VOL.2

“Change brings opportunity.”
Nido R. Qubein

TRID Highlights

TRID is making both minor and major changes to the way we disclose information and to the tolerance thresholds. The most notable disclosure changes, as reflected in the [March TRID Newsletter](#), were the new Loan Estimate (combined GFE & initial TIL, referred to as LE) and the Closing Disclosure (combined HUD-1 & Final TIL, referred to as CD).

Tolerance buckets are also changing. Previously, the only items held to the 0% tolerance (no increase from GFE to closing) were the origination charges, discount points/credits, and transfer taxes. Now, the fees paid to an affiliate of either the credit or the broker are held to 0% tolerance. Additionally, fees charged for services, which the borrower cannot shop (i.e. Flood Determination, Credit Report, Appraisal) will be held to 0% tolerance as well. Increase means the amount increased from the last disclosed Loan Estimate to the Closing Disclosure.

One item to note, which we will address in greater detail in a future newsletter, is the change to Revised Loan Estimates. If there is a valid change of circumstances, it does not automatically mean a Revised Loan Estimate is required. If the fees associated with the change do not increase over the allowed threshold (0% tolerance or 10% tolerance), the fees may not be changed from the initial Loan Estimate. A Revised Loan Estimate is allowed to be delivered but all fees must remain the same if the tolerance thresholds were not exceeded.

The Written List of Service Providers is a required document and is still required to be delivered within 3 business days of the application. The form and content is changing. The new model forms are in Appendix H and are H-27(A), H-27(B), and H-27(C). [Form H-27\(A\)](#) and [Form H-27\(B\)](#) both provide a way to list the required service providers with a slight difference in formatting. [Form H-27\(C\)](#) is the form to use if you also desire to provide the contact information for the service providers the borrower is not permitted to shop for a provider. Only one of these three forms will be completed and sent to the borrower.

Three items must be on the new form:

- 1 Identification of at least one available provider for each settlement service where the borrower is allowed to shop for the provider.
- 2 Contain sufficient contact information for each identified provider such as name, address, and telephone number.
- 3 State on the form that the borrower may choose a different provider for the service.

It is worth noting; an affiliate of the creditor or broker is not expressly prohibited from being one of the providers listed. However, the CFPB Commentary does note that listing an affiliate constitutes a referral under RESPA. Referrals documentation requirements such as Marketing Services Agreement should be reviewed with your legal counsel.



Overview of Changes

The Iowa Bankers Association has put together a terrific comparison of the existing rules and the new TRID rules, which are effective on August 1, 2015. We have included the Iowa Bankers Association comparison as an exhibit in the External Resources section below.

Actions to Take

- Document affiliates and ensure systems know when a fee is from an affiliate. CMG will provide further information on affiliate requirements in the near future.
 - Please note, the identification of affiliates for TRID purposes is different from what was done for QM purposes. It will be paramount to identify and code ALL affiliates, which perform settlement services as this impacts the tolerance thresholds.
- Ensure fees of affiliates and fees for services the borrower cannot shop are well known.

External Resources

- CFPB's "[TILA-RESPA Integrated Disclosure Rule: Small Entity Compliance Guide](#)"
- [CFPB's website](#)
- http://www.bankers-ins.com/userdocs/IBAPrivate/Comparison_of_Pre-DFA_Mortgage_Disclosures_to_Integrate_Mortgage_Disclosures.pdf

Questions?

For a list of current FAQs, please visit our website at <http://docs.cmghi.com/corporate/trid/CMG-TRID-FAQ.pdf>

Please, contact us with questions you would like to have addressed in future newsletters by e-mailing us at TRID@cmghi.com.

**Contact your Correspondent Regional Manager
or your Correspondent Liaison with any questions**

