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This Frequently Asked Question (FAQ) document incorporates key questions and topics regarding the TILA-RESPA Integrated Disclosure (TRID) Rule and its implementation at CMG Financial (CMG).

The information below does not include all aspects of the Rule because CMG does not offer all of the products or features outlined in the Rule.

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General Questions

*Includes FAQs applicable to both the Loan Estimate and Closing Disclosure*

1. What is the definition of General Business Days?
   General business days are business days that the lender is generally open for to conduct all of its business functions. Since CMG is not open on Saturdays, general business days include all days except Saturday, Sunday and Federal legal public holidays.

2. What is the definition of Specific Business Days?
   Specific business days are all days except Sunday’s and Federal legal public holidays.

3. What are the federal legal public holidays?

4. Can we use email to send disclosures to our borrowers?
   Yes, that is permitted as long as you are following the E-Sign requirements. You must first receive authorization from your borrower(s) that they are consenting to received disclosures through email (this is called E-Consent). Once they have E-consented, you can deliver disclosures to them via email. Receipt of those disclosures would be either when the borrower responds to that email that it has been received, or 3 specific business days after the email was sent (mailbox rule).
Application Questions

1. **Is TRID effective with applications taken on or after October 3rd or for applications (1003’s) dated on or after October 3rd?**
   The new TRID rules apply to applications received on or after October 3rd. An application is considered received once the Loan Originator receives all 6 data elements. The date on the 1003 may not necessarily be the date the application was received.

2. **Is TRID applicable to all loan types for loan applications received on or after October 3rd?**
   No. The new TRID rules do not apply to TBD loans, CMG’s All-in-One (AIO Product) and applications received prior to 10/3/2015.

3. **What if I have all 6 data elements that constitute an application, but I don’t have all the other information to complete my 1003?**
   Once you have all 6 pieces of information, you have an application and an LE must be issued within 3 general business days. It is acceptable to get the balance of the information to complete the 1003 at a later time.

4. **Can the loan application (1003) be dated and signed after the LE and disclosures, since we may not have all the information to complete the 1003, but we do have the 6 items?**
   Yes, that is acceptable as LE delivery is triggered when you get the 6 items, not a completed signed and dated loan application (1003).

5. **For clients that are shopping for a home and want to get an estimate of potential financing costs, is an LE required?**
   No, if a property address has not been identified, an LE is not required. For borrowers who are shopping, it is acceptable to provide them a cost estimate worksheet in lieu of an LE. Once they do provide you with a property address and you have the other 5 data elements, an LE must be issued within 3 general business days.

6. **How does TRID impact our current pipeline?**
   You will need to have all applications in your pipeline disclosed with the old GFE before October 3rd. Come October 3rd, all loans in the pipeline that have not been issued a GFE, will be considered new applications and will be required to be TRID compliant.
   NOTE: When CMG audits the loan at time of submission, we will audit that any loan with an application date prior to 10/3 have an early disclosures (including GFE) issued on or before 10/2.

Loan Estimate (LE) Questions

1. **Who is responsible for preparing the LE, CMG or the Select Partner?**
   As a Select Partner, you are the lender/creditor on the transaction and are therefore responsible for issuing the Loan Estimate and Service Provider List within 3 general business days of receiving all 6 elements that constitute a complete loan application.

2. **Will CMG be issuing any disclosures on Select Partner transactions?**
   No. The Select Partner is the lender and is responsible for not only the Loan Estimate and Service Provider list, but all state and federal disclosures as well (no different than today).
3. Are there any disclosures that are no longer required due to the new Loan Estimate?
The appraisal statement on the LE satisfies the requirement for the Notice of the Right to Receive an 
Appraisal required under ECOA and HPML. The Servicing statement on the LE satisfies the requirement 
for a servicing disclosure under RESPA.

4. Is there anything changing with the Anti-Steering form?
No, this requirement doesn’t change.

5. Who does the Loan Estimate get delivered to?
The Loan Estimate must be issued to all borrowers on the transactions within 3 general business days of 
receipt of the application.

6. Can the Loan Estimate be delivered to the borrower(s) via email?
The Loan estimate can be delivered several ways. It can be sent via U.S. mail, via email or delivered in 
person.

7. How do we know when the borrower(s) has received the LE, meaning how do we document actual 
receipt of the LE?
It depends on how the LE was issued. If using regular mail, the LE is presumed to be received 3 specific 
business days after it was mailed (mailbox rule). If sent via email, you must first receive written consent 
from the borrower(s) that they are consenting to receive disclosures via email. Once consent is 
received, you can email the LE to the borrower(s). Acknowledgement of receipt would be the earlier of 
either when the borrower responds back that they received the email; or should they not respond to the 
email, after 3 specific business days from the date the email was sent (mailbox rule). If delivered in 
person, simply have the borrower sign the LE which would acknowledge receipt.

8. Are all borrowers required to acknowledge receipt of the Loan Estimate?
No, only one of the primary borrowers needs to acknowledge receipt of the LE.

9. Can the borrower(s) verbally acknowledge receipt of the LE?
Yes, but be careful if the verbal was given within the 3 general business days of receiving the 
application. Proving this may be difficult and receipt of the LE is a big ticket for the CFPB.

10. What fee names are allowed to be on the LE and how will that impact the CD?
Certain fee names are hardcoded/required to appear on the LE. The fee name must appear on the 
CD exactly as they appear on the LE. CMG will not require any special fee naming convention outside 
of those in the TRID rule, however, if CMG is preparing the closing worksheet, our system is limited in the 
fees we can select to display on the worksheet you will use to communicate to your title company so 
you may need to provide additional clarification to the title company. We can provide a copy of our 
fee list to assist you with your fee names to provide consistency

11. What is different on a new construction (construction perm) transaction?
The LE on a new construction transaction must state that at any time prior to 60 calendar days before 
consummation (note signing), the creditor may issue revised disclosures. This then allows new fees and 
new base tolerances to reset if the closing is going to be delayed for more than 60 days.
12. Does a non-purchasing spouse on primary residence have to receive an LE?
   No, a non-purchasing spouse is not required to receive the LE or the CD.

13. If I have a TBD loan submitted and approved, what is the process once my borrower finds a property?
   Once the borrower provides you the property address (you aren’t required to have the executed contract), that TBD is now considered an application and an LE must be sent to the borrower within 3 general business days.

14. If I prepare a prequal letter, am I then required to issue an LE?
   No, because a Pre-Qual or a TBD does not have a property identified and therefore, doesn’t meet the definition of application. Once the property address has been identified, you would have all 6 elements of an application and an LE would be required to be issued within 3 general business days of getting the property address.

15. If the initial LE was generated before the loan was locked, is another LE issued once the loan is locked?
   Yes, TRID requires re-disclose of the LE when the rate is locked. You will have to incorporate procedures into your current process to insure the LE is re-issued when the loan is locked, extended or re-locked.

16. Do you allow the use of the alternative LE?
   Yes, we will accept the use of both the standard and alternative LE. When using the alternative LE, you will be required then to use the alternative CD.

17. Can we pad the LE and/or Fee Worksheet with potential additional fees?
   It is not prohibited; however we would caution you that this could make the transaction appear to not be competitive against competing originators.

Intent to Proceed (ITP) and Collection of Fees Questions

1. Can I send the ITP with my initial LE or do I have to wait until they acknowledge receipt of the LE before I send the ITP?
   You can send them together.

2. When must the intent to proceed (ITP) be received
   After the borrower(s) receive the LE and before you can collect any fees or fee information other than for the credit report.

3. What date must be on the “intent to proceed”? Must it be dated the same date as the LE?
   The ITP should be dated on or after the date that the borrower(s) receives the LE.

4. Can I get the ITP prior to the borrower receiving the LE?
   The LE should be received first. The ITP is basically the borrower saying yes, I received the LE and I want to proceed.

5. Can the intent to proceed be signed electronically?
   Yes, as long as you are following the E-Sign act requirements and you are sending the ITP to the borrower in a format that can accommodate e-signatures.

6. Can the ITP be given verbally?
   Yes, you may obtain the intent to proceed verbally from your borrower(s).
7. How will CMG require that we document the ITP?
   If you received the ITP verbally from your borrower, you would need to provide a signed acknowledgement that you received the ITP and the date you received it. If you received the ITP in writing from your borrower, we would require a copy of the written ITP.

8. What is the waiting period before I can collect fees and order the appraisal?
   No fee's may be imposed on the borrower until at least 1 primary borrower has received the LE and provided an intent to proceed (ITP) with the transaction. The only exception to this is to collect a fee for a bona fide and reasonable fee for obtaining the borrower’s credit report.

9. Is it correct that we cannot obtain a borrower's credit card number at application for use later for ordering the appraisal?
   You are permitted to get the borrower’s credit card information to order the credit report, but cannot use it to order the appraisal until the borrower receives the LE and gives you the intent to proceed. You must then obtain permission to re-use the credit information for ordering the appraisal.

10. Can the Select Partner pay for the appraisal in advance (before the LE is received and ITP provided) and then collect the fee at closing?
    You cannot order an appraisal prior to 1 of the primary borrower’s receiving the LE and obtaining the ITP. Incurring the cost of the appraisal is considered an obligation to the borrower even if not using their credit card. NOTE: It is still acceptable for the lender to pay for the appraisal and be reimbursed at closing.

11. What happens if I quote a fee on the LE for the appraisal fee and later when I place the order, the appraiser charges more because the property is remote?
    The upcharge for the location of the property is not considered a valid COC since the location of the property was known upfront. If the upcharge was for something that was not known when preparing the LE (like property being a 2 unit), then that would constitute a valid COC. It is important that you work with your AMCs/appraisers on developing an accurate fee chart to avoid potential tolerance cures at closing.

12. If a review appraisal is required per the underwriter, what is the process of disclosing that fee on the LE?
    If the review appraisal was required due to an issue with the initial appraisal, the additional appraisal review fee would be considered a change of circumstance and you would be permitted to issue a revised LE with the review fee. Keep in mind that the revised LE must be issued within 3 general business days of when you were notified a review was required.

13. If a review or second appraisal is required per the program guidelines, how do I disclose that on the LE?
    Since you are aware a second appraisal service is required for that particular loan program, you would be required to disclose that fee when issuing your initial LE. The additional appraisal fee wouldn’t be considered a change of circumstance since it was known up front that it was required.

14. Do the fees on in the detail of transactions section of the application (Funds to Close) have to match the Loan Estimate?
    No. You will document your file with the fee’s you want the file to be underwritten to. They do not have to match your loan estimate. At closing, the transaction will have to meet the funds to close
15. For VA loans, how do we quote the appraisal fee on the LE if we do not know who the appraiser is going to be?
   VA publishes a fee schedule for each VA Regional Center. You can access an interactive map that will display the schedule per state by using the following link:


Lock Questions

1. Will TRID impact your Select Partner Lock Policy?
   No, our lock policy for Select Partners is not impacted due to the implementation of TRID.

Change of Circumstances (COC) Questions

1. When does a Change of Circumstance occur?
   - Any event that causes the settlement charges to increase more than the permitted tolerance;
   - New information that affects the consumer’s eligibility for the terms for which the borrower applied (i.e. value changes, loan amount changes, etc.)
   - When revisions are requested by the borrower;
   - When the interest rate is locked, extended or re-locked
   - The ITP is provided more than 10 business days after the initial LE was provided (optional).
   - New construction loan and settlement is delayed.

2. Are we required to send out a revised Loan Estimate with every COC or only when tolerance buckets will be reset?
   CMG’s policy will be to only send revised LE’s if the rate is locked/extended, the loan amount changes or the fee increases above the tolerance bucket. Outside of these 3 scenarios, we will not be issuing a revised loan estimate. The rule doesn’t prohibit you sending out a revised LE when fees decrease or if fees do not exceed the base tolerance limits, however, sending a revised LE does not reset the variance threshold baseline. The threshold baseline will only reset if the fee(s) increase above the tolerance. We encourage you to look at your systems and the ability to track tolerances with regard to revised LE’s.

3. Are we required to issue a revised LE if the Lender credit is changes?
   You are not required to issue a revised LE if the lender credit goes up. Remember, that lender credits are a zero tolerance fee, so once you disclose a lender credit, you are not permitted to reduce it. The exception to this is if the credit is tied to the lock or loan amount, in which case the loan amount changing or a loan going from float to lock would allow a lender credit to be reduced.

4. If we need to send an appraiser back to get additional information, for example to confirm a CO detector is in the home, is this an acceptable COC for a higher appraisal fee?
   Yes, in the case where the underwriter requires additional information that was not known when the original appraisal fee was quoted, it is a valid COC and the fee can be added to the LE.
5. **Credit report fees can vary from file to file. Some loans may need credit supplements, credit re-score, etc., which generally have additional fees. Since the credit report fee is a zero tolerance fee, how is that handled?**
   The credit report fee may increase due to obtaining additional credit services that are required to get the loan approved as long as those additional services weren’t known at the time the initial LE was issued. This would be an acceptable COC and it is permitted to issue a revised LE within 3 general business days of knowing about the additional credit report fee.

6. **What documentation should we include in the file to document a COC?**
   We will need a copy of the COC Log (the reason for the COC), tolerance threshold information (not all revisions mean the tolerance bucket has been reset) and the revised disclosure. If a new service is being added which the borrower can shop for, a service provider list will need to be included as well.

### Closing Disclosure (CD) Questions

1. **As a Select Partner, who is preparing the CD?**
   As the lender, you are responsible for preparing the borrower(s) closing disclosure. The CD can be prepared by the settlement agent, a 3rd party vendor or the Select Partner.

2. **When should we provide the CD to the borrower?**
   That is up to you, however, on non-Select Partner transactions, CMG will be providing the CD at the time the loan is final approved and cleared to close. We caution you to not provide the CD too early because once the initial CD is issued, changes to base tolerances are not permitted.

3. **Do all borrowers have to receive the Closing Disclosure?**
   All borrowers have to be sent the CD, but depending on the transaction type not all borrowers need to acknowledge receipt. For non-rescindable transactions (purchase and 2nd Home/NOO refinances), only 1 borrower needs to acknowledge receipt of the CD 3 specific business days prior to closing (the date the note is signed). For rescindable transactions (owner occupied refinances), all individuals with ownership interest (borrowing and non-borrowing) must acknowledge receipt of the CD 3 specific days prior to closing (the date the note is signed).

4. **How do I prove that the CD has been received electronically?**
   There are specific E-Sign requirements. The borrower(s) must consent to receive disclosures via email before you can send them the CD via email. This E-consent can be obtained by having the borrower complete an email consent form (you can include in your initial disclosure package) or often times, your doc provider will have include the E-Consent as part of their document delivery email. Once they have E-Consented, delivery can be acknowledged by the borrower responding to the email, or it can be presumed they received it 3 specific business days after the email was sent.

5. **Is it permissible for me to provide the real estate agent a copy of the CD?**
   The CD contains non-public and personal borrower information, therefore the CD cannot be shared with any entity other than the borrower and settlement agent unless you have authorization from the borrower. The borrower can provide a copy of the CD to anybody at their discretion.
6. **What is the rule regarding a Loan Estimate being re-disclosed for a valid COC on the same day as the Closing Disclosure being delivered?**
   A LE and a CD cannot be issued on the same day. It is acceptable to disclose and reset base tolerance limits on the initial CD, otherwise, you would need to send out the CD the day after the last revised LE.

7. **What is the difference between waiting periods on the CD for rescindable versus non-rescindable transactions?**
   On a non-rescindable transaction (all purchase and NOO and 2nd Home Refinance transaction), the CD must be received by one of the borrowers three (3) specific business days prior to loan consummation (Note signing date). For rescindable transactions (owner occupied refinances), the CD must be received by all individuals who will be on title at closing, three (3) specific business days prior to loan consummation (Note signing date).

8. **After the borrower(s) receive the CD, waits the 3 days and then sign their loan documents, is there any additional waiting period?**
   Yes, on rescindable transactions, you would then have the 3 day right of rescission as we do today. Non-rescindable transactions wouldn’t have an additional wait period. The loan must also meet the MDIA, 7 business waiting period to close (7 business days from the date the borrower receives the LE).

9. **Do we or the settlement agent prepare the seller’s settlement statement?**
   The closing agent is required to prepare and deliver the seller’s CD.

10. **Is the waiting period before closing documents can be signed still 7 days like it is pre-TRID?**
    Yes, MDIA requires a 7 specific business day waiting period from the date the LE is received. Same as today with the GFE. The waiting period from when the CD is received before the borrower(s) can sign is 3 specific business days.

11. **How will lender credits be handled on the CD and will we be allowed to review/approve them prior to the CD being issued to the borrower?**
    Since lender credits are a zero tolerance item, it is recommended that the lender credits not be disclosed until the CD is issued (Omit from the LE). As a Select Partner, you will be issuing the CD and therefore, approving the CD prior to delivering it to your borrower.

12. **Is there any special process or signing up of a closing agent that we would need to do for preparation and delivery of the CD for loans we are delivering to CMG?**
    No, there is no special approval process for the closing agents. The select partner is required to produce the borrower’s CD while the closing agent will be required to produce and deliver the seller’s CD.

13. **On a purchase transaction, if the 3 day waiting period (either for the initial CD or a revised CD) causes the borrower to miss the closing date that will result in the loss of their earnest money deposit, can the borrower waive their 3 day waiting period because this will cause a financial hardship?**
    Unfortunately not. It will be very difficult to waive the 3 day waiting period. The only example the CFPB has provided is imminent foreclosure. Loss of earnest money will not be considered a financial emergency.
14. If after issuing the CD, some of the fee’s change, is a revised CD required to be sent and if so, will a new 3 day wait be required?

If fee’s change after the initial CD has been issued, a revised CD is required to be issued as the final CD has to have exact figures (like a HUD 1 today). A new waiting period is only required if the APR exceeds tolerance, the program changes or a prepayment penalty is added.

15. If the seller pays for the appraisal fee, is it shown as a seller credit with no tolerance?

You will show the appraisal as a fee. Then you will show a Seller Credit in the applicable seller credit section. Seller credits are not held to a tolerance.

Disclaimer

This is not meant to be legal advice. Please seek legal counsel as you implement TRID.

Please note that CMG may add overlays as needed upon further discussion and guidance from legal counsel. We will supply our requirements in the TRID newsletters.

External Resources

External Resources:

- CFPB’s TRID Rule Implementation Site
- Iowa Bankers Association: Comparison of pre-TRID Rules to new TRID Rules
- PPDocs, Inc. TRID Interactive Timeline Calendar

Please contact your Account Executive or CSE with questions you would like to have addressed in future newsletters and/or FAQs by emailing us at TRIDWholesale@CMGFI.com