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.
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.