Q: What causes the 3 business day waiting period from receipt of the initial CD to consummation/closing to restart?

A: There are three reasons for the 3 business day waiting period to restart:

1. The APR increased/decreased over tolerance. Note: The APR decreasing over tolerance does not trigger a new waiting period if the decrease is solely due to overstated finance charges.
2. The loan product changes (e.g., Fixed to ARM.)
3. Addition of a prepayment penalty (PPP.) (Note: CMG does not purchase loans with PPPs)

Q: If the APR increases over tolerance, do you have to redisclose?

A: If the initial CD has not been issued yet, then the APR going out of tolerance itself is not a trigger to redisclose the LE. If the initial CD has already been issued, then the APR increasing over tolerance requires the CD to be redisclosed and restarts the 3-day waiting period.

Q: Is an additional 3-day waiting period prior to closing required if the APR decreases over tolerance?

A: Yes, unless the finance charge stayed accurate. The finance charge is considered accurate if it was under-disclosed by no more than $100 or if it was over-disclosed by any amount. If the APR decrease is due to any other reason, then a new 3-day waiting period is required.

To word it another way: The APR can go down over tolerance and not require a new 3-day waiting period if the finance charge is still considered accurate. The finance charge is considered accurate if 1) it was under-disclosed by no more than $100 or 2) if it was over-disclosed by any amount.

This is not meant to be legal advise. Please seek legal counsel as you implement TRID.
Please contact your Correspondent National Sales Manager or Correspondent Liaison with any questions.