



May 5, 2016
TRID FAQ's #6

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
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