

TILA-RESPA INTEGRATED DISCLOSURE RULE (TRID) Correspondent Division

The Consumer Financial Protection Bureau (CFPB) issued a final rule amending Regulation Z (Truth in Lending Act) and Regulation X (Real Estate Settlement Procedures Act) to integrate mortgage loan disclosures.

When the TRID rule becomes effective with applications taken on or after October 3, 2015, four familiar disclosures will be replaced with two new disclosures: The Good Faith Estimate (GFE) and initial Truth-in-Lending (TIL) will be replaced with the Loan Estimate (LE) and the Final TIL and HUD-1 Settlement Statement will be replaced with the Closing Disclosure (CD).

For a loan with an application date prior to October 3, 2015, the LE/CD cannot be used to comply with RESPA and Regulation Z requirements.

For a loan with an application date on or after October 3, 2015, GFE/TIL/HUD forms cannot be used to comply with TRID requirements.

The rule applies to most closed-end consumer credit transactions secured by real estate. Just as we do today, Sierra Pacific Mortgage considers all residential mortgage Loans, including investment properties, to be consumer credit transactions and applies the consumer lending laws to all loans that we purchase.

The Loan Estimate (LE)

The LE integrates and replaces the existing GFE and the initial TIL disclosure and helps the consumer understand the key features, costs, and risks associated with the loan for which they are applying.

It must be delivered (provided or placed in the mail) within three business days of the receipt of the consumer's Loan application and at least seven business days prior to consummation.

The initial LE must be provided within three days of the application date.

The initial LE must be provided no less than seven days prior to consummation.

A revised LE must be provided within three days of the lock date.

A revised LE must be provided within three business days of knowledge when there is a valid changed circumstance that results in charges to increase more than is permitted under the rule.

The last revised LE must be received no later than four days prior to consummation.

LE must not be provided after the CD has been provided to the consumer.

No later than three days after receiving the application lenders must provide a list of services for which the consumer may shop and identify at least one provider for each service. Lenders must provide a copy of the written services/providers in the loan file to Sierra Pacific Mortgage.

The Closing Disclosure (CD)

The CD integrates and replaces the existing HUD-1 Settlement Statement and the final TIL disclosure and helps the consumer understand all of the costs associated with loan.

It must be received no later than three business days before consummation of the loan.

The CD must be received by the consumer no later than three business days prior to the Closing Date.

The CD reflecting the actual terms/costs of the transaction must be provided to the consumer.

If the CD becomes inaccurate before consummation, a corrected CD must be provided. (EXCEPTION: APR tolerance violation or loan product change impacts the wait period.)

If the CD becomes inaccurate due to an APR violation or a change to the loan product, a corrected CD containing all changed terms must be received by the consumer no later than three business days before consummation.

Under the rule, the consumer has the right to inspect the CD one business day prior to consummation.