

# TILA-RESPA Integrated Disclosures (TRID) FAQs

**On July 21, 2015, the Consumer Financial Protection Bureau (CFPB) published the final rule to delay the effective date of the TILA-RESPA Integrated Disclosure (TRID) rule to October 3, 2015. [Click here to view the CFPB press release.](#) Information on this page is accurate as of the revision date.**

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*Official LHFS policies will be communicated via standard channel communications and Guide updates. In the case of conflict, the LHFS Guide is the controlling document. Recipients of this document should consult with their Compliance and legal counsel as to the specifics of the final rule. Nothing herein should be construed as legal advice and may not be relied upon as such.*

**Q: With the CFPB's recent published communication regarding a delay in enforcement, will we still need to provide a LE/CD for applications received on/after October 3, 2015?**

A: Yes. The CFPB did not delay the rule, they only promised leniency for an undetermined time period for lenders, to make their best effort to comply. This would mean reduced fines and penalties to those that make their best effort to comply with the rule as of October 3<sup>rd</sup>. For any lenders that decided not to implement, they would be considered non-compliant and subject to the full fines and penalties.

**Q: Are HELOCs subject to TRID?**

A: TRID does not apply to HELOC's. The GFE/TIL/HUD will still be used for HELOC's on/after 10/3. (Note: LHFS does not offer HELOC's)

**Q: Are Reverse Mortgages subject to TRID?**

A: TRID does not apply to both Fixed and ARM Reverse Mortgages, products. The GFE/TIL/HUD will still be used for Reverse Mortgages on/after 10/3.

**Q: What are the 6 pieces of information needed for a complete application?**

A: As of October 3, 2015, once you receive the consumer's name, income, social security number, property address, estimated value of the property and loan amount sought, you will have a completed application. 1026.2 (3)(ii)

**Q: If a broker takes an application on Saturday (a day that LHFS does not consider a business day), what day will LHFS consider the application taken?**

A: The definition of business day is based on when the creditor's office is open for business. Since LHFS is the creditor, we would consider the application taken on Monday.

**Q: How do I count days?**

A: The Loan Estimate must be delivered or placed in the mail within 3 business days of application. A business day in respect to the Loan Estimate is defined in 1026.2(a)(6), as any day in which the creditor's offices are open to the public to carry out substantially all of its business functions.

The Closing Disclosure must be provided to the consumer at least 3 Business days prior to consummation. A business day in respect to the Closing Disclosure is defined as all calendar days except Sundays and federal legal public holidays (5 USC 6103(a) 6 floating + 4 fixed).

**Q. If there are multiple consumers on the loan, do they all have to sign the Intent to Proceed in order for the broker to order the appraisal?**

A. Just one. But all must sign the CD before closing.

**Q. Please confirm location to place Borrower Paid Single Pay Upfront MI? It's counted in 3% QM rule, so I assume Section B.**

A. Yes, it should go in Section B.

**Q. Should the demand feature be checked?**

A. No, it should not be checked.

**Q. If the broker does not disclose home warranty and HOA fees up front and they are added later are we ok per TRID guidelines?**

A. The fees must be added prior to consummation, they should go in Box H.

**Q. Is Lender Paid Compensation (LPC) disclosed on the LE?**

A. LPC is not on the LE.

**Q. Where do title/escrow fees and credit report fees go?**

A. Title and Escrow fees are "can shop" for fees. Credit report and appraisal are "Cannot" shop for fees.

**Q. Do unmarried consumers need to have their own email addresses?**

A. Yes.

**Q. Do we need to list out all title and escrow info on our SSPL or we can use escrow comp's info for that?**

A. Both should be listed separately

**Q. Are property taxes (impounded or not impounded) a zero tolerance fee?**

A. Property taxes are not subject to tolerances.

**Q. Does the broker need to obtain a VA case number before the LE can be issued?**

A. No, the VA case number does not show up on the LE.

**Q. If we lock a file after the LE is sent out, do we need to re-disclose?**

A. LHFS will handle the re-disclosed LE's and the CD.

**Q. Broker is uploading an LE Request Transmittal and supporting info into eXPRESS. Regarding the date fields, what date should be entered in the "intent to proceed" field and LE Date Cert. field if LHFS is disclosing the LE?**

A. N/A

The screenshot shows the eXPRESS web application interface. At the top, there is a navigation bar with links like Home, TRID, Reverse Calculator, QM, Turn Times, Appraisal Order, LP - Registration, Broker Resources, Other Information, eScenarios, Tutorials, Broker Flyers, and Help. Below the navigation bar, there is a sidebar with a 'Pipeline Search' section and a main content area titled 'Upload a File'. The 'Upload a File' section is divided into several sub-sections: 'Broker Overview', 'Loan Information', 'Compliance (TRID)', and 'Upload 3.2 File'. The 'Compliance (TRID)' section contains several date and checkbox fields, some of which are highlighted in yellow. The 'Upload 3.2 File' section has a file upload field, a file type dropdown set to 'FNM 3.2', and an 'Upload Loan' button.

**Q. Currently, only one consumer shows up on the LE. Do all consumers need to show on page one of the LE?**

A. We must show the name and mailing address for all consumers who will receive an LE, on the LE. We can use an additional page attached to the end of the LE for the information that doesn't fit on the first page where it would normally be located.

**Q. Is an intent to proceed form included in the LE Disclosure Package for the consumer to acknowledge or does broker supplement form? Is it acceptable to be electronically acknowledged? Once acknowledged, is there notice from LHFS to the broker that funds can be collected to order appraisal?**

A. For LHFS Disclosures the Notice of Intent to Proceed (NOI) is included in LHFS disclosure package and can be e-signed. We will email a notice to the broker when it is received. If the broker discloses the initial LE they should submit a signed NOI or Broker Affidavit. LHFS will re-disclose the NOI and get a signed NOI.

**Q. Does the broker have to provide LHFS with a Change of Circumstance form when the loan amount changes after LHFS discloses the Initial LE for the broker?**

A. Yes, any changes require a change in circumstance (CIC). That is the same as before.

**Q. Does the MI need to be listed on the List of Service Providers for FHA loans, should it be listed under the “Cannot Shop For” list or just left off?**

A. No this is not something they can shop for, it is left off. Title and Escrow fees are “can shop” for fees. Credit report and appraisal are “Cannot” shop for fees.

**Q. Please confirm in the case of a 1031 Exchange that GFE rules apply not TRID. Do you consider loans secured by investment property as covered by TRID?**

A. . LHFS requires TRID disclosures on all investment properties

Investment property transactions are covered by the TRID rule if the transaction is primarily for a consumer purpose. The TRID rule does not eliminate the business purpose exemption from Regulation Z or RESPA. If a loan is primarily for a business purpose (e.g. the purchase of an investment property), then it is exempt from Regulation Z and RESPA and the TRID rule. If a loan secured by an investment property is primarily for a consumer purpose however (e.g. cash-out to pay college tuition), then the transaction is subject to Reg. Z and RESPA and must comply with the TRID rule. Refer to page 19 of the CFPB’s Small Entity Compliance Guide.

Comment 3(a)-1 explains:

A creditor must determine in each case if the transaction is primarily for an exempt purpose. If some question exists as to the primary purpose for a credit extension, the creditor is, of course, free to make the disclosures, and the fact that disclosures are made under such circumstances is not controlling on the question of whether the transaction was exempt.

**Q: Can the consumer waive the required waiting days?**

A: LHFS will not allow the three (3) day waiting period to be waived.

**Q: What is the mailbox rule?**

A: Mail delivery: if any disclosures required under § 1026.19(e)(1)(i) or § 1026.19(f)(1)(i) are provided to the consumer in person, they are deemed to have received them the same day. For any other method of delivery, (by mail, email, overnight, etc.) the consumer is considered to have received the disclosures three business days after they are delivered or placed in the mail. The creditor may, alternatively, rely on evidence that the consumer received the disclosures earlier than three business days. For example, if the creditor sends the disclosures via overnight mail on Monday, and the consumer signs for receipt of the overnight delivery on Tuesday, the creditor could demonstrate that the disclosures were received on Tuesday.

**Q: Does LHFS allow broker owned escrows?**

A: With the new TRID rules and requirements, LHFS does not support broker owned escrows.

**Q: What is the re-baseline problem?**

A: The TRID rule does not permit “re-baselining” of the 10% tolerance bucket when a changed circumstance results in a fee increase that does not cause the aggregate fees in that category to increase by more than 10%. The Bureau determined that to allow such incremental “re-baselining” of the 10% tolerance category every time a changed circumstance occurred would effectively undermine the 10% tolerance threshold.

**Q: If a consumer provides a broker 6 pieces of the application, but does not authorize the creditor to pull their credit report, does an LE need to be issued?**

A: Yes, the LE must be sent to the consumer within 3 business days of receiving the consumer’s six pieces of information (application).

**Q: Will LHFS have the LE available in alternate languages?**

A: No, LHFS does not purchase or originate loans that are negotiated or originated in languages other than English.

**Q: Does the date the consumer signs the initial 1003 matter as long as the loan officer is disclosing the LE within 3 business days of receipt of all 6 pieces of information?**

A: The LE will be disclosed within three days of receiving an application (when the 6 pieces of information are received).

**Q: If an applicant receives the LE in accordance with the timing requirements of TRID and gives their intent to proceed with the application orally to the broker, what will LHFS require as sufficient documentation of the oral intent?**

A: The Intent to Proceed requirements do not change with TRID. The broker will be required to sign a form certifying they were given a verbal intent to proceed from their consumer. When LHFS discloses as the Lender we will obtain another signed NOI.

**Q: With regards to the six pieces of information, if the consumer provides it verbally, does that qualify as having received the information or does it have to be written evidence?**

A: If the applicant provides any of the application information verbally, it is considered received. No documents can be required of the applicant until after the LE has been provided.

**Q: If the 6 pieces of information are received verbally, a credit report cannot be pulled because the consumer has not yet signed the credit authorization. How can an LE be issued?**

A: The LE must contain a good faith estimate of credit costs and transaction terms. If any information necessary for an accurate disclosure is unknown, the creditor must make the disclosure based on the best information reasonably available at the time the disclosure is provided to the consumer. The definition of application does not prevent a creditor from collecting whatever additional information it deems necessary in connection with the request for the extension of credit. However, once a creditor has received the six pieces of information, it has an application for purposes of the requirement for delivery of the LE to the consumer, including the 3 business day timing requirement.

**Q: As part of the application, is income considered stated income or documented income?**

A: Stated income. The consumer cannot be required to provide documents verifying information related to their application before they are provided an LE. 1026.19(e)(2)(iii)

**Q: What is LHFS's policy if an LE has not been issued within 3 days of a broker receiving an application?**

A: If an LE has not been issued within 3 days of receiving the application, LHFS will not accept the file submission.

**Q: Will LHFS require the LE to be signed and dated?**

A: Yes. A signed and dated LE evidences that the applicant has received it and that we do not have to use the "mailing days" rule. If the broker discloses the initial LE, LHFS will require a signed NOI from the consumer or assigned NOI affidavit from the broker. LHFS will also obtain a signed NOI when LHFS discloses as the Lender. In addition, for California loans, in order for the broker to not have to issue a Mortgage Loan Disclosure Statement (MLDS) the LE must be dated and signed. There must also be a disclosure signed by the applicant with the following verbiage. Per CALBRE, effective October 3, 2015, a "Loan Estimate" that meets the requirements of and is compliant with the TILA-RESPA Integrated Disclosure rule will fulfill the requirement under B&P section 10240(c) and 10236.4 as long as the consumers sign the Loan Estimate and are provided with a separate disclosure - provided contemporaneously with the Loan Estimate - that includes a statement that the Loan Estimate does not constitute a loan commitment and that the consumer may check the license status of the broker and/or loan officer by calling the Bureau of Real Estate's license information telephone number at 1-866-373-4542 or visiting CalBRE's Web site at [www.calbre.ca.gov](http://www.calbre.ca.gov). **CalBRE issued a revised directive on 10/16/2015. The broker will be required to disclose their lender paid Comp within three days of the application either with an MLDS form or the separate disclosure provided contemporaneously with the LE.**

**Q: If I the broker disclose the LE, how long do I have to submit the file?**

A: 45 days.

**Q. Is there a section on the LE to show Subordinate Financing?**

A. It will not show up in any of the sections it should show in Adjustments and Other Credits on a Purchase.

**Q: How will Seller Paid closing costs be disclosed?**

A: Seller Credits known at application are disclosed on page 2 of the LE, in the Calculating Cash to Close table. On the CD, Seller-paid closing costs will be disclosed in the middle two columns on page 2. General Seller Credits will be disclosed on page 3 of the CD, in the Calculating Cash to Close table.

**Q: Is the broker, LHFS, or both going to be completing the LE?**

A: LHFS will allow both options. LHFS cannot accept an LE with another lender as the creditor. LHFS will disclose an LE and re-disclose all revised LEs, the CD and any revised CDs on every loan.

**Q: When there is a credit for interest rate chosen going back to a consumer on the LE, can this be disclosed as a negative number in the % of Loan amount (Points) section?**

A: No. Credits for interest rate chosen are given back to the consumer in Section J under Lender Credits. The % of Loan Amount (Points) section is specifically designated for discount point charges. 1026.37(f)(1)(i) The points paid to the creditor to reduce the interest rate shall be itemized separately, as both a percentage of the amount of credit extended and a dollar amount, and using the label "\_\_\_% of Loan Amount (Points)." If points to reduce the interest rate are not paid, the disclosure required by this paragraph (f)(1)(i) must be blank. If there are no points charged in connection with the transaction to reduce the interest rate, the



creditor leaves blank the percentage of points used in the label and the dollar amount disclosed under § 1026.37(f)(1)(i).

**Q: When can I collect the appraisal fee?**

A: After the consumer has received the Loan Estimate and provides a signed NOI or if applicable the broker provides an NOI affidavit.

**Q: What Section of the LE should Owners Title Policy (OTP) be disclosed in and what is the tolerance category if a consumer selects from the list of providers?**

A: Owner's Title Policy is considered an optional fee; therefore, disclosed in Section H under "Other Fees". However, if selected from the list, though optional, the OTP will still be subject to the 10%. In many states, a consumer is entitled to a discount on loan title insurance policy when an owner's policy will be simultaneously issued. When both a loan and owner's title insurance policies will be purchased ("simultaneous issuance"), the TRID Rule requires the lender or settlement agent to disclose the title premiums on the Closing Disclosure in a way that is different than what is actually charged. Specifically, the Rule requires both policies to be disclosed at the full premium price with no discounts or enhanced pricing on both the LE and CD§1026.37(g)(4)-Commentary-1. Owner's title insurance policy rate. The amount disclosed for an owner's title insurance premium pursuant to § 1026.37(g)(4) is based on a basic owner's policy rate, and not on an "enhanced" title insurance policy premium, except that the creditor may instead disclose the premium for an "enhanced" policy when the "enhanced" title insurance policy is required by the real estate sales contract, if such requirement is known to the creditor when issuing the Loan Estimate. This amount should be disclosed as "Title – Owner's Title Policy (optional)," or in any similar manner that includes the introductory description "Title –" at the beginning of the label for the item, the parenthetical description "(optional)" at the end of the label, and clearly indicates the amount of the premium disclosed pursuant to § 1026.37(g)(4) is for the owner's title insurance coverage. See comment 37(f)(2)-4 for a discussion of the disclosure of the premium for lender's title insurance coverage.

**Q: The title company is requiring a new survey on our consumer's transaction. Which section will we need to disclose this in on our LE?**

A: Depending on the situation this will most likely be disclosed in Section B or C. If the title company requires the survey in order to insure, then by proxy this would be lender required, as the lender requires lenders title insurance. In most cases the title company selects the surveyor and this would be placed in Section B under Services You Cannot shop for with a 0 tolerance. If the title company allows the consumer to use the lenders list this may be disclosed in Section C. Services You Can Shop For.

37(f)(2) Services you cannot shop for., Commentary-2. Examples of charges. Examples of the services and amounts to be disclosed pursuant to § 1026.37(f)(2) might include an appraisal fee, appraisal management company fee, credit report fee, flood determination fee, government funding fee, homeowner's association certification fee, lender's attorney fee, tax status research fee, third-party subordination fee, title – closing protection letter fee, title – lender's title insurance policy, and an upfront mortgage insurance fee, provided that the fee is charged at consummation and is not a

prepayment of future premiums over a specific future time period or a payment into an escrow account. Government funding fees include a United States Department of Veterans Affairs or United States Department of Agriculture guarantee fee, or any other fee paid to a government entity as part of a governmental loan program, that is paid at consummation.

37(f)(3) Services you can shop for, Commentary- 2. Example of charges. Examples of the services to be listed under this subheading pursuant to § 1026.37(f)(3) might include a pest inspection fee, survey fee, title – closing agent fee, and title – closing protection letter fee.

**Q: Are forward locks allowed.**

A: We will allow forward locks as long as all 6 items that constitute an application are not delivered. If you have all six items the loan must be disclosed within 3 days. Income is not required to forward lock.

**Q: Will a new LE be given for ANY changed circumstance, or only if it effects the APR by more than 1/8 (fixed) or 1/4 (ARM)?**

A: A creditor may issue a revised Loan Estimate within 3 business days of being notified about a valid changed circumstance. Refer to section 8 of the CFPB's TRID Compliance Guide for information of Revisions and Corrections to Loan Estimates. LHFS does intend to provide a new LE for each valid changed circumstance.

NOTE: For fees subject to the 10% variation, the rule permits the creditor to provide a revised Loan Estimate when the fees increase by less than 10%. However, unless the fees increase the aggregate total by more than 10% due to a changed circumstance, the revised Loan Estimate does not "re-set" the 10% tolerance and the final fees will be compared against those disclosed on the original LE or the last revised LE that exceeded the 10% tolerance. Refer to official interpretation of §1026.19(e)(3)(iv)(A)-1.ii.

**Q: When a fee has zero tolerance for variation does that mean it can't go up or it can't change at all?**

A: If a fee falls in the zero variation category, it can decrease. The fee can increase if there is a valid changed circumstance.

**Q: I understand that lender-paid compensation will not be listed on the LE but will be listed on the CD. Will the compensation be included in the APR calculation?**

A: If the compensation is lender paid, it is not disclosed on the LE and is not included in the APR calculation. It is disclosed on the CD. If the compensation is consumer paid, it is disclosed on the LE and included in the APR.

**Q: My processor accidentally disclosed the first time use Funding Fee on this VA transaction Loan Estimate, but when I put in the subsequent use fee in on my Closing Disclosure it is showing a cure for the entire difference. Can you tell me why?**

A: The VA Funding Fee now falls into the 0% tolerance category. As operator error is not a valid reason for change in circumstance the creditor will be responsible for the cure for entirety of the difference. 1026.37(f)(2) Services You Cannot Shop For, Commentary-2. Examples of charges. Examples of the services and amounts to be disclosed pursuant to § 1026.37(f)(2) might include an appraisal fee, appraisal management company fee, credit report fee, flood determination fee, government funding fee, homeowner's association certification fee, lender's attorney fee, tax status research fee, third-party



subordination fee, title – closing protection letter fee, title – lender’s title insurance policy, and an upfront mortgage insurance fee, provided that the fee is charged at consummation and is not a prepayment of future premiums over a specific future time period or a payment into an escrow account. Government funding fees include a United States Department of Veterans Affairs or United States Department of Agriculture guarantee fee, or any other fee paid to a government entity as part of a governmental loan program, that is paid at consummation.

**Q. Can you please confirm the location to input “real estate agent credits” on the LE? We assume Section J. Adjustments and Other Credits**

A. Section J.

<b>J. TOTAL CLOSING COSTS</b>	<b>\$8,054</b>
D + I	\$8,054
Lender Credits	
<b>Calculating Cash to Close</b>	
Total Closing Costs (J)	\$8,054
Closing Costs Financed (Paid from your Loan Amount)	\$0
Down Payment/Funds from Borrower	\$18,000
Deposit	– \$10,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
<b>Estimated Cash to Close</b>	<b>\$16,054</b>

**Q: In the case of the appraisal fee, what would happen if the consumer was charged more due to issues with remote area, unusual property types, etc.?**

A: Appraisal fee increases that are due to circumstances not known at the time of application are considered valid changed circumstances. This would be allowed under the regulation provided the consumer was notified within 3 days of us becoming aware of the additional charges.

**Q: Are we allowed to over disclose fees on the LE to ensure we do not exceed tolerances?**

A: The LE must contain a good faith estimate of credit costs and transaction terms. If any information necessary for an accurate disclosure is unknown, the creditor must make the disclosure based on the best information reasonably available at the time the disclosure is provided to the consumer.



**Q: What providers should be listed on the Settlement Service Provider List (SSPL)?**

A: If the fee is in section C on the LE, the provider should be listed on the Settlement Service Providers List (SSPL). If the consumer selects the provider on the list, the fee will fall into the 10% tolerance bucket. If the consumer does not select the provider on the list, the fee will fall into the unlimited tolerance bucket. If the consumer is not given an SSPL, the fee should be disclosed in section B on the LE and fall in the 0% tolerance bucket.

**Q: What about services consumers typically do not shop for? Will they be required to have options?**

A: For the fees consumers typically do not shop for (Appraisal, Credit Report, etc.), they will fall in Section B. For the other third party fees (title company, etc.), we assume consumers will be given a Settlement Service Provider List (SSPL) with at least one provider for each service listed. If they are not given an SSPL for the shoppable services, those fees will fall into Section B and the 0% tolerance bucket.

**Q: Why should brokers show only one provider per service on the written list when they allow the consumer to shop?**

A: The regulation requires the lender to provide a written list with at least 1 provider listed for each service the consumer may shop for. The regulation does not require more than 1 service provider on the written list per settlement service. If the consumer selects a provider from the list, the fee for that service falls into the 10% tolerance bucket. If the consumer is allowed to shop and does not select from the written list, however, then the fee is not subject to tolerance as long as it is not being paid to the creditor, broker, or an affiliate of either. Accordingly, if you show more than 1 provider per service on the list, there is greater chance that the consumer will select from the list and cause the fee to fall into the 10% tolerance bucket.

**Q: When a credit supplement is required by underwriting, is it a valid changed circumstance to increase the credit report fee and re-disclose the LE?**

A: Yes.

**Q: How will a broker know to include a final inspection fee on the LE?**

A: If the broker is unaware that a final inspection is needed at the time the LE is initially disclosed, it would be a valid changed circumstance. At the time we become aware of the final inspection fee, an LE would be re-disclosed within 3 days to include the fee.

**Q: How will Seller Paid closing costs be disclosed?**

A: Seller Credits known at application are disclosed on page 2 of the LE, in the Calculating Cash to Close table. On the CD, Seller-paid closing costs will be disclosed in the middle two columns on page 2. General Seller Credits will be disclosed on page 3 of the CD, in the Calculating Cash to Close table.

**Q: What if we find out the property is in a flood zone after the LE has been issued?**

A: It would be a valid changed circumstance, since the lender was not aware of this at the time the LE was provided.

**Q: Do we have to quote transfer tax/stamps to the buyer if typically and ALWAYS paid by the seller?**

A: On the Loan Estimate, you should only disclose Transfer Taxes paid by the consumer.

**Q: As a Wholesale Broker, am I considered the creditor or is LHFS?**

A: LHFS is the creditor.

**Q: If I as the broker disclose the LE what loan ID do I use?**

A: If the broker has an LHFS loan number (forward lock, TBD) they should use the LHFS loan number as the Loan ID. If the broker does not have an LHFS loan number, they should leave the Loan ID blank. LHFS will fill in the Loan ID when we re-disclose.

**Q: For ARM loans, what interest rate will be disclosed in the Loan Terms section on the LE?**

A: For an adjustable rate transaction, if the interest rate at consummation is not known, the rate disclosed shall be the fully-indexed rate, which means the interest rate calculated using the index value and margin at the time of consummation.

**Q: What are the tolerances for each section of the LE?**

A:

Unlimited Tolerance:

- Prepaid interest; property insurance premiums; amounts placed into an escrow, impound, reserve or similar account;
- Services required by the creditor if the creditor permits the consumer to shop and the consumer selects a third-party service provider not on the creditor's written list of service providers; and
- Charges paid to third-party service providers for services not required by the creditor.

10% Aggregate Tolerance:

- Recording fees; and
- Charges for third-party services where:
  - The charges are not paid to the creditor or the creditor's affiliate
  - The consumer is permitted by the creditor to shop but selects a third-party service provider on the creditor's written list of service providers.

Zero Tolerance (the creditor may never charge more than the estimated amount unless there is a changed circumstance):

- Transfer taxes;
- Fees paid to the creditor, mortgage broker, or an affiliate of either; and
- Fees paid to an unaffiliated third party if the creditor did not permit the consumer to shop.  
NOTE: This includes items that a consumer typically does not shop for: appraisal, MI, PMI, etc.

**Q: Is a revised LE required at the time of the rate lock even if the rate, points or lender credits are the same as the initial LE?**

A: Yes, a revised LE must be provided within 3 days of the rate lock. 1026.19(e)(3)(iv)(D)

**Q: On a purchase transaction, the closing attorneys/title companies typically quote owner's title as the main charge for title insurance and quote lender's title for the simultaneous issues fee of \$50 - \$75. How should these be disclosed on the LE?**

A: When the owner's title insurance premium includes a simultaneous issuance premium, the premium is calculated by taking the full owner's title insurance premium, adding the simultaneous issuance premium for the lender's coverage (if any), and then deducting the full premium for lender's coverage. (Comment 37(g)(4)-2)

**Q: Does the same estimated fee need to be disclosed to all consumers?**

A: There is no requirement that states the same estimated fee must be disclosed to all consumers. Each Loan Estimate is required to be completed based on the best information reasonably available at the time of the disclosure is provided.

**Q: The Settlement Cost Booklet will be replaced with the Your Home Loan Toolkit. Is LHFS ok with the consumer receiving an electronic copy of the toolkit?**

A: The consumer is allowed to receive an electronic copy of the Your Home Loan Toolkit – provided it is sent to the consumer within 3 business days of the creditor receiving the application. If LHFS will send an electronic copy of "Your Home Loan Toolkit" when disclosing the initial LE

**Q: Will providing consumers a link to the toolkit suffice as an electronic copy?**

A: No. Providing the link to the toolkit within the application package will not be sufficient. A full copy of the Your Home Loan Toolkit must be provided (electronically via email, standard mail or in person) no later than three business days after the consumer's application is received.

**Q: If LHFS sends the disclosures out by email and the consumer opens and acknowledges those disclosures, is the process compliant with TRID requirements?**

A: If the consumer consents to electronic delivery, we intend to send the disclosures electronically. If the disclosures have not been acknowledged within 48 hours, we intend to have the disclosures placed in the mail to ensure they are sent to the consumer within the 3 business day requirement. This process is the same as we currently do today.

**Q: What definition of a business day is used for purposes of providing a CD?**

A: For purposes of providing the CD, a business day means all calendar days except Sundays and legal public holidays.

**Q: How does LHFS define consummation?**

A: For purposes of TRID, LHFS defines consummation as the day the consumer signs the loan documents.

**Q: Can you help me understand the requirement that the consumer receive the CD 3 days prior to consummation? Do we send the consumer a copy and they sign it at closing? Will we be requiring the customer to come into our office to review and sign the disclosure?**

A: LHFS is responsible for ensuring that the consumer Signs the Closing Disclosure (CD) no later than 3 business days before consummation. LHFS will require that a final CD be signed at closing. If the CD is hand delivered to the consumer, it is considered to be received by the consumer that day,

but proof of delivery via a signature is required. If it is mailed or delivered electronically, the consumer is considered to have received the CD 3 business days after it is delivered or placed in the mail (§ 1026.19(f)(1)(iii); Comment 19(f)(1)(ii)-2). However, if the creditor has evidence that the consumer received the CD earlier than 3 business days after it is mailed or delivered, it may rely on that evidence and consider it to be received on that date. (Comments 19(f)(1)(iii)-1 and -2). LHFS will require a signed or e-signed CD as proof of acknowledgement.

**Q: If the CD has been provided and there is a valid changed circumstance, can a revised LE be provided?**

A: Once a CD has been given to the consumer, the consumer can no longer be given an LE. A revised CD will be issued.

**Q: What happens if a lock is extended, the lender credits are reduced and the APR increases?**

A: Lender credits are negative charges to the consumer and fall in the zero tolerance bucket. If the amount of lender credits disclosed on the CD is less than the amount of lender credits disclosed on the LE, it is an increased charge to the consumer for purposes of determining good faith and would not be allowed. Comment 19(e)(3)(i)(5). However, lender credits can decrease due to a valid changed circumstance.

**Q: Since the lender is only responsible for providing the CD to the consumer and title is to provide the CD for the seller, if the 2 CDs don't match, how will this be corrected at the consummation? Will there be tolerances % or will the title company be responsible to settle any differences?**

A: LHFS will work closely with the title company to ensure the CD we create is as accurate as possible. The title company will then be responsible for ensuring the seller's CD is accurate. We will be responsible for correcting the consumer's CD and the title company will be responsible for correcting the seller's CD. LHFS will require the consumer to sign a final CD in closing.

**Q: Does the seller need to sign a copy of the CD?**

A: Yes.

**Q: A non-borrowing spouse must sign the CD on a rescindable transaction. Will a non-purchasing spouse be required to sign the CD on a purchase transaction as well?**

A: No. For purchase transactions, the CD can be given to the primary applicant or any consumer with primary liability for the loan.

**Q: If LHFS sends the CD to the consumer via an electronic delivery method and receives an E-Sign compliant acknowledgment, do we still have to wait three days to close?**

A: Yes. The three day waiting period is based off the date the consumer signs the CD. LHFS will require a signed or e-signed CD as proof of acknowledgement. If the consumer acknowledges (e-sign compliant) that they received the CD on Monday, the three business days for the waiting period will be Monday, Tuesday and Wednesday. And the loan will be able to close on Thursday.

**Q: How does LHFS plan to issue the CD in regards to the 3 day timeframe before closing?**

A: LHFS is planning to issue the CD and ensure it is delivered to the consumer 3 business days prior to closing. If the consumer consented to electronic delivery for the initial LE, the CD will also be sent

electronically. Once the consumer signs the CD, the three day waiting period can start.

**Q: When is day 1 of the 3 day waiting period? Is it the day disclosed?**

A: Yes. If the CD is delivered to the consumer on Monday, the three business days for the waiting period are Monday, Tuesday, Wednesday. The earliest the loan could close would be Thursday.

**Q: How will the lender know what to put in for commissions, termite, inspection fees, or other charges that the buyer or seller may be responsible for?**

A: The process will pretty much work the same as it does today. During the loan process, as fees are added via changed circumstances, they are documented. For seller information, LHFS will work closely with the closing agent to get the information for the document just as we do today. Instead of LHFS sending a sample HUD-1 to the closing agent and the closing agent sending a final HUD-1 to the lender for approval, LHFS will work in conjunction (we have created a portal for communication with our settlement/closing agents) with the closing agent to create and issue the consumer CD. LHFS will be responsible for delivering and ensuring the CD is signed by the consumer 3 days prior to closing.

**Q: Typically after receiving the appraisal, we normally do not have any fee changes. Therefore, as a broker, how do we engage with LHFS to issue the CD to the consumer and not wait until the 3 days prior to close?**

A: As a Wholesale Broker, you will not be issuing the CD. LHFS intends to work closely with both the Broker and Settlement Agent to ensure we have all fees as accurate as possible, before disclosing the CD and ensuring the consumer signs it 3 days prior to close.

**Q: I understand that lender credits need to be disclosed on the LE. If the initial LE discloses a closing cost credit of \$2,000 and the closing costs end up being only \$1,800, what happens to the \$200 over disclosure of our closing cost credit? My understanding is that we may revise all fees to the consumer downwards, except for the lender closing cost credit.**

A: You are correct that the final lender credit disclosed on the CD cannot be less than what was originally disclosed on the LE, unless there is a valid change of circumstance. There is no guidance in the regulation regarding the application of additional closing cost credit. A principal reduction that is in compliance with all lender and investor requirements and is documented appropriately would be a viable option.

**Q: There is a section on the CD to disclose the Lender's partial payment policy. What is LHFS's policy on this?**

A: LHFS will hard-code our CD to state that we do not accept partial payments.

**Q: Will LHFS allow the 3-day waiting period to be waived after the CD is provided due to a "bona fide personal emergency"?**

A: Even though allowed by the rule, LHFS will not allow the 3-day waiting period to be waived.

**Q: Currently, we are not collecting property taxes as a prepaid item. We only collect in the initial escrow. Are we required to show 12 months of property taxes in the prepaid (F) section of the CD even though we are not collecting?**

A: If it is not collected, then it should not be shown on the disclosure.



**Q: On a 2nd lien transaction, am I required to disclose taxes and insurance information on my LE and CD?**

A: Yes. Actual collection on 2nd liens is not required (unless specifically required when not collected on the first), but per regulation taxes and assessment information is required to be disclosed to reflect all consumer obligations related to the subject transaction. This will be reflected on Page 1 under Taxes and Assessments of both the LE and CD, and under the Escrow Disclosure section on Page 5 of the Closing Disclosure. 1026.37(c)(4) Taxes, insurance, and assessments. Under the information required by paragraphs (c)(1) through (3) of this section:

- (i) The label "Taxes, Insurance & Assessments";
- (ii) The sum of the charges identified in § 1026.43(b)(8), other than amounts identified in § 1026.4(b)(5), expressed as a monthly amount, even if no escrow account for the payment of some or any of such charges will be established;
- (iii) A statement that the amount disclosed pursuant to paragraph (c)(4)(ii) of this section can increase over time;
- (iv) A statement of whether the amount disclosed pursuant to paragraph (c)(4)(ii) of this section includes payments for property taxes, amounts identified in § 1026.4(b)(8), and other amounts described in paragraph (c)(4)(ii) of this section, along with a description of any such other amounts, and an indication of whether such amounts will be paid by the creditor using escrow account funds;
- (v) A statement that the consumer must pay separately any amounts described in paragraph (c)(4)(ii) of this section that are not paid by the creditor using escrow account funds; and
- (vi) A reference to the information disclosed pursuant to paragraph (g)(3) of this section.

**Q: Why does the Down Payment/Funds from Consumer portion of the Calculating Cash to Close Section on the CD not match the consumer's actual down payment?**

A: The Down Payment/Funds from Consumer Section is calculated by taking the principal amount of the new lien and subtracting it from the sales price of the subject property. 1026.37(h)(iii) Down payment and other funds from consumer. Labeled "Down Payment/Funds from Consumer":

- (A) In a purchase transaction as defined in paragraph (a)(9)(i) of this section, the amount of the difference between the purchase price of the property and the principal amount of the loan, disclosed as a positive number; or
- (B) In all transactions other than purchase transactions as defined in paragraph (a)(9)(i) of this section, the estimated funds from the consumer as determined in accordance with paragraph (h)(1)(v) of this section;

**Q: My consumer will be using a POA on the transaction and I need to add a POA recording fee into the CD. Do I need to add this on a different line in Section E. Taxes and Other Government Fees, to identify it for the POA specifically?**

A: No. A separate line may not be added to reflect recording fees, and this will not be separately itemized. This will be added into the recording fee in the column as a bulk total.

§1026.37(g)(1) Taxes and other government fees. Under the subheading "Taxes and Other Government Fees," the amounts to be paid to State and local governments for taxes and other government fees, and the subtotal of all such amounts, as follows: (i) On the first line, the sum of all recording fees and other government fees and taxes, except for transfer taxes paid by the consumer and disclosed pursuant to paragraph (g)(1)(ii) of this section, labeled "Recording Fees and Other Taxes." (ii) On the second line, the sum of all transfer taxes paid by the consumer, labeled "Transfer Taxes." (iii) If an amount required to be disclosed by this paragraph (g)(1) is not charged to the consumer, the amount disclosed on the applicable line required by this paragraph (g)(1) must be blank.

§1026.3737(g)(1) Taxes and other government fees, Commentary-. 1. Recording fees. Recording fees listed under § 1026.37(g)(1) are fees assessed by a government authority to record and index the loan and title documents as required under State or local law. Recording fees are assessed based on the type of document to be recorded or its physical characteristics, such as the number of pages. Unlike transfer taxes, recording fees are not based on the sale price of the property or loan amount. For example, a fee for recording a subordination agreement that is \$20, plus \$3 for each page over three pages, is a recording fee, but a fee of \$1,250 based on 0.5 percent of the loan amount is a transfer tax, and not a recording fee.

2. Other government charges. Any charges or fees imposed by a State or local government that are not transfer taxes are aggregated with recording fees and disclosed under § 1026.37(g)(1)(i).

6. Deletion and addition of items. The lines and labels required by § 1026.37(g)(1) may not be deleted, even if recording fees or transfer taxes are not charged to the consumer. No additional items may be listed under the subheading in § 1026.37(g)(1).

**Q: Will LHFS be providing a CD directly to the realtors on purchase transactions?**

A: No. LHFS will provide the CD directly to the consumer and the settlement agent will provide the CD to the seller. We will require that all CDs be signed at closing (even if there have been no changes to the CD disclosed 3 days prior to consummation).