

TRID INFORMATION

Delivery of the Loan Estimate

The Loan Estimate must be placed in the mail or delivered no later than 3 business days after “TRID application” is submitted.

Helpful Hint: Business days for the purpose of delivering are Monday through Friday.

Things to consider for an application as of October 3, 2015 that triggers the start of disclosures

An application is considered received when the Bank receives the six required elements submitted by the consumer- 1) Consumer’s Name 2) Income 3) SSN to obtain a credit report 4) Property address 5) an estimate of the value of the property 6) the loan amount sought

Friendly Reminder: We cannot require a consumer to submit documents verifying information related to the consumer’s application before providing the Loan Estimate

TRID APPLIES TO:

- **Loan Purpose:** Initial 12-month dwelling construction only, no permanent financing, to a consumer
- **Collateral:** Secured by dwelling constructed
- **Loan Purpose:** Refinance of primary dwelling with new money **Collateral:** Primary dwelling
- **Loan Purpose:** Purchase of vacation home
- **Collateral:** Commercial building
- **Loan Purpose:** Purchase personal car and finance vacation
- **Collateral:** 28 acres of raw land

7 business days after loan estimate delivery is the waiting period for consummation (loan closing) after the Loan Estimate Delivery

. For the purpose of consummation, business days means calendar days, excluding Sundays and federal holidays

Closing Disclosure must be in the customer’s hand 3 Business Days BEFORE closing.

The customer is deemed to have received the Closing Disclosure 3 business days after it is emailed or placed in the mail

Below are the 4 allowable loan purpose descriptions that can be listed on the Loan Estimate in the Purpose field

- Purchase- Only if purchasing the property (collateral) listed on the Loan Estimate
- Refinance- If not for “purchase” and if the loan proceeds will be used to refinance existing obligation that is secured by the property (collateral) listed on the Loan Estimate
- Construction- If not for “purchase” or “refinance” and the loan proceeds will be used to finance initial construction of the property (collateral) listed on the Loan Estimate
- Home Equity- *if not* for “purchase” or “refinance” or “construction” then the purpose is Home Equity (catch-all)

TRID TIP: Notice, for example, that “other” or “personal” or “vacation” is not one of the 4 allowable loan purpose descriptions. When deciding on which Purpose description is applicable to your loan, use the decision tree. If the loan the borrower is applying for does not fit the Purchase code then you move down to the Refinance code, then to the Construction code and finally the Home Equity code will be used for all loans that do not fall into the other three codes.

IMPORTANT: TRID’S REQUIREMENT TO INDICATE A LOAN’S PURPOSE AS “HOME EQUITY” DOES NOT MAKE THE LOAN A HOME EQUITY LOAN UNDER TEXAS LAW.

In the following loan scenario what would be the Purpose code that would be disclosed on the Loan Estimate:

Loan secured by 28 acres of raw land, with the proceeds to be used to finance a personal vacation

The purpose code that would be disclosed on the Loan Estimate is Home Equity. The above scenario does not fit into the Purchase, Refinance or Construction code therefore the correct purpose code would be Home Equity.

REMINDER: TRID’S REQUIREMENT TO INDICATE A LOAN’S PURPOSE AS “HOME EQUITY” DOES NOT MAKE THE LOAN A HOME EQUITY LOAN UNDER TEXAS LAW.

In the following loan scenario what would be the Purpose code that would be disclosed on the Loan Estimate:

Customer is applying for a Home Equity loan where the funds would refinance the existing Home Equity Loan with additional proceeds to be used for Home Improvement

The purpose code that would be disclosed on the Loan Estimate is Refinance. The above scenario falls under both the Refinance and Home Equity purpose code for the Loan Estimate. However, using the decision tree, Refinance would be used because it comes before Home Equity.

Reminder:

Decision Tree-

1. Purchase- Only if purchasing the property (collateral) listed on the Loan Estimate
2. Refinance- If not for “purchase” and if the loan proceeds will be used to refinance existing obligation that is secured by the property (collateral) listed on the Loan Estimate
3. Construction- If not for “purchase” or “refinance” and the loan proceeds will be used to finance initial construction of the property (collateral) listed on the Loan Estimate
4. Home Equity- *if not* for “purchase” or “refinance” or “construction” then the purpose is Home Equity (catch-all)

At the time of preparing the Loan Estimate, the Loan Officer has a Sales Contract where the borrower has opted for a termite inspection, Is there a requirement to disclose the termite inspection fee on the Loan Estimate when it is not required by the bank

Below are the Fees that are subject to the Zero Percent Tolerance Category

Fees paid to the lender

Fees paid to a mortgage broker

**Fees paid to an affiliate of the creditor or a mortgage broker
NEW! Fees paid to an unaffiliated third party if the creditor did not permit the consumer to shop for a third party service provider for a settlement service (Until October 3, this is in the 10% bucket)**

Transfer Taxes

TRID TIP: Examples of fees that the bank does not allow the consumer to shop for are Flood Certification Fee, Credit Report Fee, Attorney Doc Prep Fee, Appraisal Fee, etc. For Home Equity Loans \$100,000 and less, the bank doesn't allow the customer to shop for any services including title services (title

run). Since the bank doesn't allow the customer to shop, these fees are subject to the 0% tolerance category.

Below are the Fees that are subject to the Ten Percent Tolerance Category

- Fees paid to an unaffiliated third party if the creditor permitted the consumer to shop for a settlement service provider and the consumer selects a settlement service provider from the written list
- Recording Fees

Reminder: If we allow the consumer to shop for services (i.e. title services) we must provide a written list of service providers at the time the Loan Estimate is issued. Include only one service provider for each required service.

What Fees aren't subject to any Tolerance Category?

- Prepaid interest
- Property insurance premiums
- Amounts placed into an escrow, impound, reserve, or similar account
- Charges paid for shoppable services to third-party service providers not included on the written list the bank provided.
- Charges paid for third-party services not required by the lender

Page 2 of the Loan Estimate includes Section A. Below are the Origination charges under TRID

Charges paid by the consumer and retained by the lender for originating and extending the credit.

TRID TIP: Our Attorney Doc Prep fee will be disclosed under Section B. Services You Cannot Shop For. Since the attorney's doc prep fee is not retained by the bank, it cannot be listed in the Origination Charges section on the Loan Estimate.

On Page 2 of the Loan Estimate is the Calculating Cash to Close Table. This is designed to provide the consumer a line by line calculation of the cash the consumer will have to pay or will receive from the transaction.

There is a **STANDARD** table that can be used for all TRID covered transactions or an optional **ALTERNATIVE** table for TRID covered transactions without a seller.

STANDARD

Calculating Cash to Close
Total Closing Costs (J)
Closing Costs Financed (Paid from your Loan Amount)
Down Payment/Funds from Borrower
Deposit
Funds for Borrower
Seller Credits
Adjustments and Other Credits
Estimated Cash to Close

ALTERNATIVE

Calculating Cash to Close
Loan Amount
Total Closing Costs (J)
Estimated Total Payoffs and Payments
Estimated Cash to Close <input type="checkbox"/> From <input type="checkbox"/> To Borrower
Estimated Closing Costs Financed (Paid from your Loan Amount)

TRID TIP: For Home Equity Loans and Refinances the **ALTERNATIVE** calculating cash to close table will be used

There is a new calculation on the 3rd page of the Loan Estimate in which the customer might ask you to explain.

TIP on the 3rd page of the Loan Estimate

TIP is the total amount of interest that the consumer will pay over the life of the loan, expressed as a percentage of the amount of credit extended, using the term “Total Interest Percentage.”

For example, if the Loan Amount is \$100,000 at 4% for 30 years, the total amount of interest that the consumer will pay over the Loan Term is \$71,869.51. The total amount of payments is \$171,869.51. TIP would be disclosed as 41.82%

Under TRID, you are required to disclose the DATE, TIME and TIME ZONE in the Rate Lock Section of the Loan Estimate as it pertains to the closing costs expiration date.

See example below

RATE LOCK NO YES

Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 09/17/2015 at 5:00 P.M. CDT

REMINDER: The “D” in “CDT” will change to an “S” as “CST” for when we are not in observance of Daylight Saving Time. “S” stands for Standard Time. Daylight saving time is in use between March and April and ends between September and November as the countries return to Standard Time.

The Lender is required to issue a Loan# on the Loan Estimate at the time of disclosure. This number cannot change. The same Loan# will be required when issuing the Closing Disclosure as well.

The bank is responsible for preparing the Closing Disclosure and ensuring delivery to the borrower. The title company will not prepare this document for the borrower.

The Closing Disclosure must be received by the borrower 3 days prior to consummation. The customer is deemed to have “received” three days after the disclosures have been placed in the mail.

Helpful Hint: Business day definition of all calendar days except Sundays and federal public holidays.

If the transaction is being done with a seller, this information would be listed on the Closing Disclosure, Page 1, under Transaction Information in the Seller section. Since the Bank is responsible for preparing the Borrower’s Closing Disclosure, we are responsible for disclosing the name and address of the Seller. This information can be obtained through the title company in transactions with a seller in most cases.

The name of the company in which the closing is taking place is supposed to be listed under the Settlement Agent Section. For loans closed at a title company, you would list the title company. For loans that we close at the bank, i.e. Home Equity Loans, you would list the bank.

If a borrower chooses the Service Provider off of the Written List of Service Providers that we disclosed with the Loan Estimate Section B. Services Borrower Did Not Shop For or Section C. Services Borrower Did Shop for will be the section that the fee be listed on the Closing Disclosure.

The tolerance level for Section C. Services Borrower Did Shop For on Page 2 of the Closing Disclosure

This section is not subject to a tolerance limit. The lender is not bound by the fees charged from the provider in which the customer chose that was not on the Written List of Service Providers.

The lender have to list the Seller-Paid fees on Page 2 of the Borrower’s Closing Disclosure Before issuing the Borrower’s Closing Disclosure, the Seller-Paid Fees should be listed in the applicable Sell-Paid column.

Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,070.00				
01 % of Loan Amount (Points)					
02 Processing Fees	\$755.00				
03 Underwriting Fees	\$315.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$949.50				
01 Appraisal Desk Review Fee to RELS	\$155.00				
02 Appraisal Fee to Ordered	\$490.00				
03 Credit Report to Old Republic Credit Services	\$58.50				
04 Document Preparation Fee to Schwartz & Associates	\$215.00				
05 Flood Certification to American Flood Research	\$17.00				
06 Fraud Detection Fee to Interthinx	\$14.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$450.00				
01 Survey Fee to Surveyor			\$275.00		
02 Title - Escrow Fee to Rio Bravo Title Company	\$225.00				
03 Title - Lender's Title Insurance to Rio Bravo Title Company	\$225.00				
04					

A specific Lender Credit be listed on Page 2 of the Closing Disclosure

The credit would be listed in the Paid by Others column on the line in which it corresponds to the appropriate fee, i.e. Appraisal Fee, Credit Report Fee, etc.

Closing Cost Details

Loan Costs		Borrower-Paid		Paid by Others
		At Closing	Before Closing	
A. Origination Charges				
01	% of Loan Amount (Points)			
02	Loan Origination to Lender			\$150.00
03				
04				
05				
06				
07				
08				
B. Services Borrower Did Not Shop For				
01	Credit Report to Experian			\$1.05
02	Flood Certification to Corelogic			\$12.00
03	Title - Abstract or Title Search to FA Business Services			\$113.71
04				
05				
06				
07				
08				

The revised Loan Estimate that is issued on 10/19 does not reset the baseline for comparison of fees to the Closing Disclosure since this fee increase is only 6.25%. The issuance of this Loan Estimate is regarded as a “courtesy redisclosure” to inform the borrower of the increased fee for closing reflecting the changed circumstance. For fees that are in the 10% Variance Category, the changed circumstance has to be a cumulative 10% increase for the baseline to be reset for comparison to the Closing Disclosure.

TRID TIP: Baseline- amount used to determine if the variance % has been exceeded resulting in a cure to the borrower

0% Variance Category- Borrower may not be charged an amount higher than previously disclosed. If a qualifying changed circumstance applies and a revised Loan Estimate has been provided to the borrower in accordance with the requirements of the regulation, the baseline may be reset

10% Variance Category- For fees subject to the 10% variation, the rule permits the lender 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 reset the 10% baseline tolerance. The final fees will be compared against those disclosed on the original Loan Estimate or the last revised Loan Estimate that exceeded the 10% tolerance.

If you have a changed circumstance and need to send out a revised Loan Estimate you should deliver within 3 business days of the change and before you provide the closing disclosure.