



BROKER'S GUIDE TO TRID

Overview

Standard Loan Estimate (LE) / Alternate Loan Estimate (LE)

- Combines early TIL statement and GFE
- The LE must be delivered or placed in the mail to the consumer no later than the third business day after the creditor receives the consumer's application for a mortgage loan
- If the LE is not provided to the consumer in person, the consumer is considered to have received the LE three business days after it is delivered or placed in the mail
- Provides summary of key loan terms and estimates of loan and closing costs
- Alternate LE must be used on refinance's / Standard LE to be used on all Purchases.

Standard Closing Disclosure (CD) / Alternate Closing Disclosure (CD)

- Combines Final TIL statement and HUD-1 Settlement Statement
- Must be received by consumers three business days before consummation
- Provides detailed accounting of transactions
- NDM is responsible for the CD even if prepared by the Settlement Agent
- Alternate CD must be used in conjunction with the Alternate LE.

NDM will allow 2 Options for Initial LE and Disclosures (Contingent on Broker Contract)

1. NDM will issue the initial Loan Estimate along with initial disclosures. Broker must submit the initial loan application to NDM for disclosure within 24 hours of application date. The following items will be required: initial application, Fee Worksheet or Est HUD containing loan fees along with an executed borrower signature authorization form, and Service Provider list.
2. Broker will issue the initial Loan Estimate (without Lender name nor Loan number) and provide Lender with Loan Estimate, 1003 Application, all State Specific Disclosures, Borrower's signed and completed Intent to Proceed, Borrower Consent Form (evidence of delivery from a third party disclosure tracking software, or borrower signed and dated), Settlement Service Provider List, CFPB "Your Home Loan Toolkit", Safe Harbor Disclosure, executed borrower signature authorization form, home counseling form with credit package and any other applicable disclosures required to be provided by the Broker. Broker must submit the initial loan application and all above items to NDM within 14 business days of application date.

Loan Estimate – Broker Workflow

- NDM MUST HAVE all borrowers' correct email address(es) at the time of loan submission. When NDM receives the file, we will send the borrower(s) a welcome. NDM MUST send this electronically to initiate e-sign approval with the borrower. If NDM does not have the customers' electronic acknowledgement, we CANNOT deliver the CD (Closing Disclosure) via electronic delivery which will delay the closing. It is important that the Broker obtain correct email addresses as early in the process as possible. This will enable NDM to utilize electronic delivery to ensure a smooth closing.
 - ❖ If there is a non-borrowing spouse, NDM will require broker to send Spouses full name and e-mail address for purpose of re-disclosing final LE and CD. If this information is not provided, disclosure timeframes will be delayed due to US Postal mail delivery.
- The Broker must notify NDM immediately if they become aware of any change after submission.

Transitional Period

- Closing Disclosure (CD) may be used only with Loan Estimate (LE)
- HUD-1/1A may be used only with Good Faith Estimate and TIL
- If application was received before October 3, 2015, GFE/TIL/HUD-1 must be used to close the loan
- There will be a transitional period where both forms will have to be used



Broker Compensation on the LE

- Lender Paid Compensation is **NOT** disclosed on the Loan Estimate
- Borrower Paid Compensation is disclosed on the Loan Estimate in Box A
- Any true discount paid to a creditor to **reduce** the interest rate must be disclosed in the first line of the Loan Costs on **both** the LE and the CD as Points (See below example).

Closing Cost Details

Loan Costs	
A. Origination Charges	\$1,802
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097



Issuance and Delivery of LE

- Creditor must provide a Loan Estimate to the consumer no later than three business days within receipt of an application.
- If the Loan Estimate is not provided to the consumer in person, the consumer is considered to have received the Loan Estimate three business days after it is delivered or placed in the mail.
- The Loan Estimate must also be delivered or placed in the mail no later than the seventh business day before consummation of the transaction.



Change of Circumstance

The requirements for a qualifying change in circumstance is essentially the same as in effect now.

- An extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction.
- Information specific to the consumer or transaction that was relied upon when providing the LE and that was inaccurate or changed after the disclosures were provided.
- New information specific to the consumer or transaction that was not relied upon when providing the LE.



Business Day

Saturday does NOT count as a business day for the timing of delivery of the LE from the receipt of an application or valid Change of Circumstance but Saturday DOES count as a business day for the waiting period between the receipt of the CD and closing.

Generally good faith requires the closing cost estimate on the initial LE to equal the final amount charged on the CD:

0% Tolerance

- Lender charges and credits
- Mortgage broker's charges
- Paid to affiliate of creditor or broker
- Unaffiliated third party if shopping not allowed
- Transfer taxes

10% Aggregate Increase

- Unaffiliated third party if shopping allowed but consumer does not shop
- Recording fees

Best Information Reasonably Available

- Prepaid interest
- Property insurance premiums
- Amounts placed in escrow
- Charges paid to third-party service providers not included on written list
- Charges paid to third-party service providers not required by the creditor

Tolerances aka Variations Continued

Emphasis is now placed on whether or not the consumer can shop for the service. Here are some notable changes:

- The appraisal fee is now 0% tolerance
- The credit report fee is now 0% tolerance
- Any fee paid to affiliate is now 0% tolerance, including broker affiliates

It is especially important that the Broker ensure they have accurate fees. Broker must verify the accuracy of all fees prior to loan submission.



Technical Rules - Changes

- Not permitted to use N/A on the forms
- Fees are alphabetized, no more line numbers
- Fee Naming Conventions may not change from LE to CD
- Lender Paid Comp is no longer disclosed to the borrower on the LE
- Title Fees must be appended with “Title –” in front of the fee name
- Optional Fees are appended with “(optional)” at end of fee name
- Simultaneous Issuance Title Policies are calculated values (do not match actual policy invoices)
 - PROCESS CHANGE: Title companies will generally provide for discount fees if both Lender’s Title and Owner’s Title are purchased from the same Title Provider. NDM must disclose actual undiscounted Title Fees.
- Recording Fees and Government Fees are aggregated on LE
- Specific and Non-Specific Lender Credits are aggregated on LE



Closing Disclosure (CD)

- The new “Closing Disclosure” merges and replaces the final Truth in Lending “TIL” statement and the RESPA-required HUD-1 settlement statement.
- The CD (Closing Disclosure) must be provided and acknowledged by the consumer at least three business days prior to consummation.
- If there are any changes to the CD, a revised CD must be issued to the consumer either prior to or at closing.
- If any of the following change, a revised CD must be issued and an additional three-business day waiting period applies:
 - The APR becomes inaccurate by more than .125%.
 - The loan product is changed.
 - Prepayment penalty is added.

Closing Disclosure (CD)

- CD must show the actual charges imposed on or paid by the consumer
- Once the initial CD is issued, all changes should be made via an updated CD (no more LE)
- Revised LE cannot be received at same time or after initial CD

Closing Disclosure (CD)

- NDM will issue the CD (Closing Disclosure) after the loan is Clear to Close.
- NDM will communicate with Closing Agents directly to coordinate transaction and verify final fees.
- Settlement Agent is responsible for issuing the Seller's CD in a purchase transaction, however, NDM must retain a copy of Seller's CD in loan file.
- Any person that has a Right to Cancel on a refinance must receive a copy of the closing disclosure. NDM must capture their contact information upfront.
- Once the loan is Clear to Close and the CD is prepared, NDM will deliver the CD to the consumer via electronic delivery system.
- The consumer MUST view and acknowledge receipt of the CD to start the 3 day waiting period.
- The 3 day waiting period does not start until NDM receives verification of receipt by consumer.

Additional Details for Services You Can Shop For

To get you started with shopping, this list identifies some providers for the services you can shop for (see Section C on page 2 of your Loan Estimate).

Service Provider List		You can select these providers or shop for your own providers.	
Service	Estimate	Provider We Identified	Contact Information
Pest Inspection Fee	\$135	Pest Co.	Jane Polk 123 Avenue A Anytown, ST 12345 janep@pestco.com 111-222-3333
Survey Fee	\$65	Surveyor LLC	Bill Barnes 456 Avenue B Anytown, ST 12341 billb@surveyorllc.com 111-333-4444
Title – Insurance Binder	\$700	Gamma Title Co.	Joanna Campbell 789 Avenue C Anytown, ST 12333 joannac@gammatitle.com 222-444-5555
Title – Lender's Title Policy	\$535		
Title – Settlement Agent Fee	\$502		
Title – Title Search	\$1,261		
Title – Lender's Title Insurance	\$1,100	Delta Title Inc.	Frank Fields 321 Avenue D Anytown, ST 12321 frankf@deltatitle.com 222-444-6666
Title – Other Title Services	\$1,000		
Title – Settlement Agent Fee	\$350		

Written List
of Service
Providers :

Form has
been
revised and
provides
greater
detail