



TILA / RESPA Integrated Disclosure Rule

Compliance Policy

Note: For your reference, this document reflects changes made to this policy in the prior version 1.6 and the most recent version 1.7.

TRID Policy

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1. Scope

1.1. Included

- Loan applications taken on or after 10/3/2015
- Primary Residence and Second Homes
- Detached SFR, Attached SFR, 2-4 Units,

1.2. Excluded

- Loans for business purposes.
 - ~~Investor R will still purchase business purpose loans if the lender elects to disclose under TRID. However, in this event, Investor R will require compliance with TRID.~~
 - If the lender elects to treat business purpose loans as exempt, Investor R will require compliance with the definition of business purpose loans as addressed per §1026.3.
 - In Non-Owner Occupied (NOO) cash out transactions, 100% of cash proceeds must be used for acceptable business purposes.

Please note that existing requirements related to QM Points and Fees testing and Higher Priced Covered Transaction testing are not being replaced by the following TRID requirements.

2. Key Definitions and Other Considerations

2.1. Definitions

General Business Day – Previously defined within RESPA. A day in which the lender’s offices are open to the public for carrying out substantially all of its business functions. Generally applied to delivery or placed in the mail requirements. Also applies to the number of days estimated fees on the Loan Estimate (LE) are available to the consumer, and the delivery of a Revised LE after Change of Circumstance event.

Specific Business Day – All calendar days except Sundays and legal public holidays as specified in 5 U.S.C 6103(a). Generally applied for Waiting Periods and Right of Rescission.

Calendar Day – All calendar days. Used for post-consummation corrections and cures.

Delivery (delivered) – Handed to, placed in the mail, or emailed to the consumer.

Received – Handed to the consumer, received in the mail, or received and opened via email. If the disclosure is mailed or emailed, the consumer is considered to have received the disclosure three (3) Specific Business Days after it is mailed. Refer to §1026.19(e)(1)(iv). Investor R accepts documented proof that the consumer received the disclosure prior to the default assumption.

Complete Application – An application is considered complete when the following six (6) pieces of information are obtained: consumer’s name, consumer’s income, consumer’s social security number, property address, estimated property value, requested loan amount.

Consummation – Consummation is defined under §1026.2 (a)(13) as the time at which a consumer becomes contractually obligated on a credit transaction. Per Investor R’s interpretation of the definition, consummation is considered to be the date the Note and Security Instrument are executed by the consumer.

2.2. Application Receipt

When a complete application is received as defined in §1026.2(a)(3)(ii), Investor R accepts the following to determine the application date:

- Signature date of the Initial 1003 by the Loan Officer
- Screen shot of the seller's system identifying the application date
- Federal Disclosures identifying the application date (HOEPA/HMDA)

2.3. Email Delivery of Disclosures – ESIGN

If a lender uses e-mail to deliver disclosures to the consumer, the lender must be in compliance with ESIGN requirements. Specifically, the lender must have the consumer's consent prior to delivering of the disclosures electronically. [Investor R requires a copy of the consumer's electronically signed consent or other satisfactory evidence that the borrower consented to electronic delivery in the loan package delivered for Purchase Review.](#)

2.4. Mail Receipt Rule

If the LE or Closing Disclosure (CD) is placed in the mail or emailed, it is assumed that the consumer received the LE or CD three (3) Specific Business Days after the LE or CD was placed in the mail or emailed.

2.5. Satisfactory Evidence of Receipt

Investor R will require satisfactory evidence that all individuals required to receive the LE and/or CD received the disclosure(s) and of the date the disclosure(s) was received by that individual. This can be evidenced in a number of ways:

- Consumer signed and dated the Acknowledgement of Receipt
- Evidence that disclosure delivered by email was received and opened. The date of receipt must be evident
- Following the Mail Receipt Rule outlined above
- Signed and dated LE or CD (the signature date by the Consumer is the date Investor R uses for testing purposes if no other satisfactory evidence is provided)

3. Loan Estimate

3.1. Delivery, Waiting Period and Imposition of Fees

Loan Estimates must be delivered or placed in the mail no later than the third (3rd) General Business Day after receiving the consumer's complete application. When a transaction involves a broker, the three (3) General Business Day period begins when the broker was in receipt of the consumer's complete application. **Investor R requires satisfactory evidence of the date the LE was delivered or placed in the mail.**

The LE must also be delivered or placed in the mail no later than the seventh (7th) Specific Business Day before consummation.

Investor R does not accept loans where the seven (7) Specific Business Day waiting period has been waived.

Neither a lender nor broker may impose a fee on the consumer (other than a fee for a credit report) until the LE has been received by the consumer and the consumer has indicated an intent to proceed. Investor R requires satisfactory evidence of the consumer's intent to proceed.

3.2. LE Signature and Date Lines

Investor R does not require that the consumer sign and date the LE. However, as indicated above Investor R requires satisfactory evidence of delivery and /or receipt. [Please note that States may have specific requirements for signature lines on the LE and CD \(i.e. this may be required on loans originated under a California DRE license\). Consult State specific regulations.](#)

3.3. Accuracy of Fees Disclosed on Loan Estimate

Fees disclosed on the LE should be made in good faith and be consistent with the best information available at the time they were are disclosed.

There are specific circumstances where the amount charged to the consumer may exceed the amount disclosed on the LE. The following tolerance thresholds apply.

Fees subject to a 0% tolerance:

- Fees paid to the creditor, mortgage broker or an affiliate of either
- Fees paid to an unaffiliated third party if the creditor did not permit the consumer to shop for a third party settlement service provider (e.g. appraisals)
- Transfer taxes

Fees subject to a 10% cumulative tolerance:

- Recording fees
- When the consumer is permitted to shop for the third party service and the consumer selects a service provider included in the Written List of Service Providers

Fees not subject to a tolerance:

- When a consumer is permitted to shop for a third-party service and the consumer selects a service provider that is not listed on the Written List of Service Providers
- Prepaid interest, property insurance premiums, amounts placed in an escrow impound account
- Charges paid to a third-party service provider not required by the creditor
- While not subject to a tolerance, these fees must still be made in good faith and consistent with the best information available at the time of disclosure

3.4. Written List of Service Providers

Investor R requires that the Written List of Providers be included with the LE, along with evidence that it was delivered within three (3) General Business Days of a complete application. The list must:

- Identify at least one available provider for each service
- State that the consumer may choose a different provider for that service

Investor R does not require inclusion of services that the consumer cannot shop for. If a Written List of Providers is not provided to the consumer, all applicable fees will be held to the 10% tolerance threshold.

3.5. Estimated Charges for a Service Not Performed

When calculating a tolerance threshold, Investor R requires that only those services actually charged be included in the calculation. If a service is not provided the estimated charge should be excluded from the threshold calculation.

3.6. Revised Loan Estimates

A revised LE may be provided under the following circumstances:

- Change of Circumstance
- Revisions to the credit terms or the settlement requested by the consumer
- The interest rate was not locked when the LE was provided, and is subsequently locked
- The consumer indicates an intent to proceed more than 10 (10) General Business Days after the LE was originally delivered or placed in the mail

Refer to §1026.19(e)(3)(iv)(A) for a list of events that constitutes a Change of Circumstance.

- If a change of circumstance does not result in a fee increase greater than the applicable threshold, a revised LE is not required. (Scenario 1)
- If a change of circumstance results in fee increases that exceed the threshold, a revised LE is required.
- If a creditor elected not to provide a revised LE as in Scenario 1, and a subsequent change of circumstance occurs that increases the aggregate fees above the threshold, the creditor may include the previously undisclosed fee increase in the revised LE.

The revised LE must be delivered within three (3) General Business Days from the date the change of circumstance event caused the aggregate fees to exceed either the 10% or 0% tolerance threshold. **However, increased charges that do not exceed the tolerance threshold – and therefore do not necessarily require a revised LE – may still be included in a revised LE even if the date of the changed circumstance occurs more than three (3) General Business Days prior to the issuance of the revised LE.**

Disclosed Fees	Initial LE 10/03/2015	COC 11/5/15 Pest Inspection Added	COC 11/12/2015 Title Settlement Charge Increased
Title Settlement Fee	\$1450	\$1450	\$1600
Recording Fee	\$75	\$75	\$75
Pest Inspection	0	\$55	\$55
Total	\$1525	\$1580	\$1730
Aggregate Threshold	\$1677.50	Aggregate Threshold Not Exceeded	Aggregate Threshold Exceeded by \$52.50
		Revised LE Not Required	Revised LE Allowed including updated Pest Inspection Fee

If the consumer indicates an intent to proceed more than 10 (10) General Business Days after the initial LE was delivered or placed in the mail a revised LE may be provided without justification being required for changes to the fee amounts on the original LE. Note: In counting ten (10) General Business Days, Investor R assumes a creditor's office is closed for business on Saturdays unless satisfactory evidence is provided which indicates that the creditor is open for business on Saturdays.

The creditor may not provide a revised LE on or after the date it provides a CD. The creditor must ensure that the consumer receives the revised LE no later than four (4) Specific Business Days prior to consummation. If mailing the revised LE they must be placed in the mail seven Specific Business Days before consummation.

If a creditor has evidence that the consumer receives the revised LE earlier than three (3) Specific Business Days after being mailed or delivered, the creditor may rely on that evidence and consider the revised LE to be received on that date. Investor R requires satisfactory evidence of early receipt.

3.7. Lender Credits on LE

Lender credits appear on page 1 of the LE in the Cost at Closing section (see §1026.37(d)(1)), and on page 2 under Total Closing Costs in Section J (see §1026.37(g)(6)).

A credit for the interest rate selected is included as a Lender Credit. With the exception of credit for the interest rate selected, lender credits cannot be lowered once disclosed. Lender credits for the interest rate selected can increase or decrease as a result of a rate lock or valid change of circumstance. This is consistent with current RESPA.

In order to distinguish between interest rate related lender credits and other lender credits, Investor R requires itemizations of these lender credits.

3.8. Servicing Disclosure Statement

The Servicing Disclosure Statement previously required under RESPA §1024.33(a) is addressed in the LE in the "Other Considerations" section. Under TRID, it is not a required stand-alone disclosure.

3.9. Loan Estimate Content

Investor R reviews the contents of the Loan Estimate to confirm completeness, accuracy and format. Refer to §1026.37 for specific content requirements.

4. Closing Disclosure

4.1. Receipt and Waiting Period – Closing Disclosure

The CD must be received by the consumer at least three (3) Specific Business Days prior to consummation. Investor R requires satisfactory evidence that this requirement is met.

4.2. Receipt and Waiting Period Revised Closing Disclosure

In certain circumstances, a corrected CD is subject to the three (3) Specific Business Day waiting period:

- The APR increases by more than .125% (a decrease in APR will not require a new three-day waiting period)
- A prepayment penalty is added

- The loan product changes, such as from a fixed rate to adjustable rate (Investor R does not consider a change in a fixed rate loan term, or the fixed period of a hybrid ARM to be a loan product change)

Note: Until further clarification is provided by the CFPB, Investor R considers ARM products to be regular transactions and subject to the .125% tolerance. Please refer to the Commentary on §1026.22(a)(3)

Investor R will not accept loans where the three (3) Specific Business Day waiting period has been waived or not satisfied.

4.3. Revised Closing Disclosures Not Subject to New Three Day Waiting Period

Although not subject to a new three day waiting period, a revised CD must be provided under the following circumstances:

- Changes of circumstance that do not cause the APR to increase by more than .125%
- Decreases in APR by more than .125%
- Revisions to the credit terms (other than product type) or the settlement requested by the consumer

4.4. CD Signature and Date Lines

Investor R will not require that the consumer sign and date the final CD at consummation. However, it is a best practice from Investor R's perspective to have the final CD signed by the borrowers at consummation acknowledging the final terms. If a post-consummation CD is disclosed to the consumer as the result of a change in terms, or increase in finance charges or APR, Investor R will not require the consumer to sign the CD acknowledging receipt.

4.5. Rescindable Transactions

All consumers with a vested interest in the secured property must receive the CD no later than the third (3rd) Specific Business Day prior to consummation. In community property states, a non-borrowing spouse must also receive the CD no later than the third (3rd) Specific Business Day prior to consummation even if they do not have a vested interest in the secured property.

4.6. Revised Closing Disclosures Not Subject to a New Waiting Period

Changes to loan terms and/or charges that do not cause the disclosed APR to become inaccurate, or are otherwise not related to the addition of a prepayment penalty or a product change, must still be re-disclosed to the consumer and seller, however, the three (3) Specific Business Day waiting period is not required. Investor R requires satisfactory evidence that a revised CD, not subject to a new waiting period, is received at or before consummation.

4.7. Change of Circumstance Occurring after CD Delivery and Prior to Consummation

If there are less than four (4) business days between consummation and the time a the revised LE would be required to be provided to the consumer, creditors may provide consumers with a CD reflecting any revised charges resulting from the change of circumstance, and rely on those figures (rather than the amounts disclosed on the LE) for the purposes of determining good faith and any applicable tolerance violations.

Investor R tests for accuracy of pre-consummation tolerance cures and tolerance violations, in general. Investor R requires delivery of all LE's issued prior to the CD and all CDs delivered (see Post Consummation Tolerance Cure below).

4.8. Home Seller's Closing Disclosure

The settlement agent is required to provide the CD to a seller in a purchase transaction. The settlement agent can provide the seller with a copy of the CD provided to the buyer if it also contains information relating to the seller's transaction. The settlement agent can also provide the seller a separate CD including only information applicable to the seller's transaction. If prepared separately for the seller, Investor R will require a copy of the CD.

The seller must receive the CD and any revised CD's (either combined or separate) prior to consummation. Investor R requires satisfactory evidence that the seller received the CD at or before consummation. [The three day waiting period requirement does not apply.](#)

4.9. Lender Credits on the CD

On the CD lender credits and charges paid by the lender are handle in the following manner:

- If the lender credit is a general credit given to the consumer, then it should be disclosed on page 1 in the Costs at Closing section (this is the same as above for the LE). Investor R ensures that the credit did not decrease from the final LE to the CD as this would result in a 0% tolerance violation.
- If the lender pays a specific fee on behalf of the consumer, the charge will appear on page 2 Closing Cost Details in the Paid by Others column.
- A credit for the interest rate selected should be included on page 1 under the Lender Credits in the Costs at Closing section, and should also be included on page 2 in Section J under Total Closing Costs.

4.10. Seller and/or Third-Party Credits

If the consumer receives credit(s) from either the seller or a third-party that is not itemized in the Closing Cost Details section of the CD, Investor R requires an itemization to provide evidence of how the credits were applied.

[Investor R will require an itemization for all Lender Credits to provide evidence of how the credits were applied.](#)

4.11. Title and Endorsement Fees

Title charges must be itemized and each line item description should be prefaced with "Title." As with all charges listed on the CD, these charges should be listed in alphabetical order.

10					
C. Services Borrower Did Shop For		\$2,655.50			
01 Pest Inspection Fee	to Pests Co.	\$120.50			
02 Survey Fee	to Surveys Co.	\$85.00			
03 Title – Insurance Binder	to Epsilon Title Co.	\$650.00			
04 Title – Lender's Title Insurance	to Epsilon Title Co.	\$500.00			
05 Title – Settlement Agent Fee	to Epsilon Title Co.	\$500.00			
06 Title- Title Search	to Epsilon Title Co.	\$800.00			
07					
08					

Investor R does not require endorsement fees to be individually itemized as long as the aggregate fee is being paid by one party involved in the transaction. If the endorsement fees are being paid by multiple parties, then all component fees must be listed in the appropriate column to illustrate which party is paying all, or a portion, of the endorsement fee.

4.12. [APR Accuracy](#)

Investor R will continue to test for APR and Finance Charge accuracy. If accuracy issues are identified Investor R will require itemization of fees included in the APR and Finance Charge.

4.13. [Corrected Post Consummation CD](#)

A corrected CD must be provided if an event in connection with the settlement occurs during the 30 calendar day period after consummation that causes the CD to become inaccurate and results in a change to an amount paid by the consumer from what was previously disclosed. In such an event the creditor must deliver or place in the mail a corrected CD not later than 30 calendar days after receiving information sufficient to establish that such an even has occurred.

The same policy applies to events affecting an amount paid by the seller. The settlement agent would be required to provide the corrected CD.

Event Impacting Charges Post-Consummation	Corrected CD Delivered Post-Consummation
Must be identified within thirty (30) calendar days of consummation	Corrected CD must be delivered within thirty (30) calendar days of the event being identified

4.14. [Post-Consummation Tolerance Cure](#)

Investor R will review all LEs and CDs delivered to the consumer to validate that all increases in charges are the result of a valid change of circumstance and meet the appropriate tolerance threshold.

Investor R does not purchase any loan where a required tolerance cure or clerical correction is not delivered to the consumer within sixty (60) calendar days of consummation.

4.15. [Closing Disclosure Content](#)

Investor R reviews the contents of the CD to confirm completeness, accuracy and format. Refer to §1026.38 for specific content requirements.

Appendix A Disclosure Timelines