

**TO: Correspondent Lenders**

**FROM: Angela Breidenbach, Operations Manager**

**DATE September 24, 2015**

**RE: TRID Implementation**

The long awaited, although perhaps not much anticipated, implementation of TRID is upon us and is **effective with all loan applications taken on, or after, October 3, 2015**. The following information is intended to provide some basic information and guidance regarding what Cornerstone will be requiring and reviewing. **Please** take time to read and understand all of the information provided in this communication.

**Process Flow**

Please note that, just like your internal work processes will be affected by TRID, Cornerstone’s work processes will be affected by TRID.

We will be reviewing the contents of the Loan Estimates, revised Loan Estimates, Closing Disclosures, and revised Closing Disclosures to confirm completeness and accuracy. This will add an extra step to our review process. So, we are asking for your patience through the transition period. Likewise, please don’t hesitate to contact us if you need help. **Although we cannot provide legal advice**, we are happy to assist you with basic questions.

**Items We Require**

1. A completed Cornerstone Submission Checklist **(attached).** This will be available in the Forms section of the correspondent web-site: [www.chlcorrespondent.com](http://www.chlcorrespondent.com). You must use the updated form with applications on, or after October 3, 2015.
   * The Mandatory Regulatory section must be completed. Failure to do so will result in purchase delays.
     + A separate HOEPA/HMDA/HPML worksheet will no longer be required. It has been implemented into the Mandatory Regulatory Section.
     + Completion of the check boxes on pages 2 through 4 is optional
2. All Loan Estimates issued to the borrower(s)
   * A Changed Circumstance must accompany all re-disclosed Loan Estimates.
3. The Written List of Providers that was given to the borrower with the initial Loan Estimate
4. All Closing Disclosures issued to the borrower(s)
   * This includes a final signed Closing Disclosure
     + All borrowers must acknowledge receipt of CD by signing
     + Any persons with a right to rescind must also sign when appropriate; including non-purchasing spouses.
   * FHA requires a settlement certification signed by seller(s).
   * If a separate seller Closing Disclosure is provided, we must receive a copy.
5. Evidence of Cure Calculation (if applicable)
   * The Closing Disclosure does not have a fee comparison chart, so evidence of the calculations for the lender’s variance (i.e. tolerance) cures must be provided. Include the cure calculation evidence with the loan file, and ensure the final Closing Disclosure reflects the correct cure amounts.
6. Any post-closing revised Closing Disclosures (if applicable)
   * If variance/cure is due to the borrower(s), evidence of payment is required prior to purchasing the loan.
7. APR Calculation
   * In order to exclude a seller or lender paid fee (which is a finance charge) from the borrower’s APR calculation, the final Closing Disclosure must indicate the fee is specifically paid the seller or the lender.
8. Lender/Seller Credits
   * If there are several fees lumped together, we must receive an itemization of the credits.
9. Automated Compliance Testing
   * Cornerstone will require a copy of the lender’s automated compliance test run at the time of consummation.
10. Satisfactory Evidence of Receipt. The following documentation will be acceptable proof of Loan Estimate/Closing Disclosure receipt*. Note: these are in order of our opinion from strongest to weakest.* ***Remember, in our current regulatory environment, if you can’t prove it, it didn’t happen!***
    * Borrower(s) signed and dated acknowledgement of receipt **OR** mail rule\*
    * Signed and dated Loan Estimate or Closing Disclosure
    * E-signed documents (acceptable on all but the Final Closing Disclosure signed at consummation). Must also deliver the borrower’s written consent to send e-docs. This must be dated prior to delivery of the e-docs.
    * Evidence that e-mail delivered disclosure was received and opened. The date of receipt must be evident!

\*Mail Rule – if the Loan Estimate or Closing Disclosure is placed in the mail, it is assumed that the applicant received the Loan Estimate or Closing Disclosure three (3) specific business days (all calendar days except Sundays and legal public holidays) after the Loan Estimate or Closing Disclosure was placed in the mail.

**Note: if there is a disclosure timing/waiting violation, Cornerstone cannot purchase the loan. No exceptions.**

**Jumbo Requirements**

Please refer to the **attached** TILA/RESPA Integrated Disclosure Rule Compliance Policy – Investor R for specific requirements on Jumbo loans submitted to Cornerstone for underwriting and purchase. This policy has been posted to the correspondent web-site: [www.chlcorrespondent.com](http://www.chlcorrespondent.com) under the Jumbo Program section on the Product Guidelines and Overlays page.

**Additional Tools**

The Consumer Financial Protection Bureau [TRID website](http://www.consumerfinance.gov/regulatory-implementation/tila-respa/) has sample forms, timelines, the new consumer guide, and other resources to help you learn more.

Disclosure Comparison – Pre TRID versus Post TRID **(attached).** This resource will also be available in the correspondent web-site: [www.chlcorrespondent.com](http://www.chlcorrespondent.com) under Tools.

**Moving Forward**

As we all gain experience with how this new regulation will affect our business processes, we will be sending additional information and guidance. Please do not hesitate to contact us with specific questions.

**As always, your business is greatly appreciated. If you have questions regarding these issues, please contact me at** [**abreidenbach@houseloan.com**](mailto:abreidenbach@houseloan.com)**.**

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