

**TO: Correspondent Lenders**

**FROM: Angela Breidenbach, Operations Manager**

**DATE February 23, 2016**

**RE: New Collateral Package Checklist**

**Top 10 TRID Issues**

**New Collateral Package Checklist**

Please note, a new [Collateral Package Checklist](http://chlcorrespondent.com/Forms/CHL%20CORRESPONDENT%20COLLATERAL%20PACKAGE%20CHECKLIST.pdf) has been published and is **effective immediately**. A copy of this form may be found in the Checklists, Forms and Tools section of the Correspondent website [www.chlcorrespondent.com](http://www.chlcorrespondent.com). This version of the checklist (dated 2/22/16) takes the place of all previously published versions. Per our warehouse lender, the following items are now required in every collateral package sent to Cornerstone:

* **Original** endorsed Note (\*see below), and any addenda riders or modifications.
* **Original** Allonge (if applicable). PLEASE make sure that all information matches Note.
* Certified Copy of Deed of Trust, and any applicable Riders.
* Certified copy of Power of Attorney (if applicable).
* Copy of final signed borrower Closing Disclosure.

A collateral package must contain the original Note and hard copies of all other required documentation.

All collateral packages must be mailed, on or before lock expiration, to: **CORNERSTONE HOME LENDING,INC**

**1177 WEST LOOP SOUTH, SUITE 200**

**HOUSTON, TX 77027**

**ATTN: PANDY BURTON**

**Top 10 TRID Issues**

As lenders move forward with the implementation of processes to handle the new TRID regulation, we are beginning to see patterns in the errors we are encountering when reviewing files for purchase. The following are the top 10 issues (in no particular order):

1. **Lack of proof that the borrower(s) received the CD at least 3 specific business days\* prior to consummation.** Proof can include:
   1. A customer signed and dated Acknowledgment of Receipt at least 3 specific business days prior to receipt
   2. A CD that is signed and dated by the borrower(s) at least 3 specific business days prior to consummation.
   3. E-signed CD at least 3 specific business days prior to consummation. MUST also have a copy of customer’s written consent allowing delivery of e-signed documents.
   4. If none of the above, the can incorporate Mail Box Rule – if the CD is placed in the mail, it is assumed that the applicant received the CD 3 specific business days AFTER it was placed in the mail. Therefore, consummation could not occur until the borrower had the CD for an ADDITIONAL 3 specific business days. This means that to incorporate the Mail Box rule, you must wait for 6 specific business days, after placing the CD in the mail, for consummation to occur.

\**Specific Business Day – means all calendar days except Sundays and legal public holidays, such as New Year’s Day, Martin Luther King, Jr Birthday, President’s Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran’s Day, Thanksgiving Day and Christmas Day.*

1. **No seller CD.** Please remember that Cornerstone requires a copy of the Seller CD on all purchase transactions. It does not need to be a signed copy, but we must have one in the file.
2. **No Written Provider List.** If we do not have a copy of a Written Provider List (aka Settlement Services Provider List), then Cornerstone assumes that the borrower(s) did not shop for the services that would fall under that category, which could significantly affect the allowable tolerance. Simply putting those fees into section C of the Closing Disclosure (Services Borrower Did Shop For) is not sufficient evidence. A written provider list which is incorporated into the Loan Estimate(s) is allowable.
3. As software vendors continue to work out the bugs, **we are seeing fees in the wrong sections on both the LE(s) and the CD(s).** Please do not assume that just because you “told” your system to put a fee in a certain section that it actually wound up there. Please double check your LE’s and CD’s prior to sending them to Cornerstone, and most certainly before you send them to your borrowers(s).
4. The **Mandatory Regulatory Section** on page 1 of the Delivery Submission Form **must be completed** on every file. This section takes the place of the previous version of the Delivery Submission Form and the HOEPA/HMDA/HPML Worksheet. You DO NOT need to send the old version of the Delivery Submission Form, the HOEPA/HMDA/HPML Worksheet, and the new Delivery Submission Form with the revised Mandatory Regulatory Section. Please omit the old Delivery Submission Form and HOEPA/HMDA/HPML Worksheet from your doc-sets, **Please use** **the new** [**Delivery Submission Form**](http://chlcorrespondent.com/Forms/DELIVERY%20SUBMISSION%20FORM.pdf.pdf) **(dated 2/1/16).** This form can be found in the Checklists, Forms and Tools section of the Correspondent website [www.chlcorrespondent.com](http://www.chlcorrespondent.com).
5. A **copy of your compliance test** (Mavent, PPDocs,Compliance Ease, etc.) test, showing Passing in all categories, is required with all loan purchase submissions.
6. **APR Fees not included in Finance Charge.** As a reminder, Finance Charges include (but are not limited to): Origination Fees, Loan Discount Fees, Inspection Fees, Application Fees, Assumption Fees, Processing Fees, Underwriting Fees, Flood Certification, Delivery/Shipping Fees, Buydown Fees, Funding Fees, Messanger/Courier/E-mail Fees, Escrow/Settlement/Closing Fees, Doc Prep Fees, Fax/Wire Charges, Copy Charges, Rate Lock/Lock Extension Fees, Loan Commitment Fees, Escrow Waiver Fees, Participation Fees, Warehouse Fee, Interest, Mortgage Insurance, Subordination Fees, Recording Service Fees.
7. **Duplicate copies of LE’s/CD’s**. When submitting a package for purchase, please scrub your files and remove duplicate copies of LE’s and CD’s. As you can imagine, it is difficult to discern the order of issued LE’s and CD’s. This is made even more difficult when there are duplicates of the same disclosure. Cornerstone, just like everyone else, has had to implement new procedures to check for compliance to TRID guidelines. Having to wade through duplicate disclosures, slows down the process; thereby delaying your purchase review turn time and increasing the likelihood that you will be conditioned.
8. **No revised LE when the initial LE indicates that the loan was not locked.** If a borrower has not locked their loan at the time of the initial LE then a revised LE, with a corresponding Change of Circumstance, is required at the time of lock.
9. The CFPB does not require TRID documentation on loans that are used entirely for business purposes. HOWEVER, the definition of business purposes, is vague. THEREFORE, Cornerstone requires LE’s and CD’s for all loans, with application dates, on or after October 3, 2016, regardless of occupancy status. In other words, **a non-owner occupied property, is not exempt from TRID documentation.**

***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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