

TILA-RESPA Integrated Disclosure Changes – Oct. 3, 2015

	New Rule Effective Oct. 3, 2015	Existing Rule Through Oct. 2, 2015
Covered Transactions	Closed-end consumer credit transactions secured by real property with or without a dwelling	Closed-end consumer credit transactions secured by a residential real property with a 1-4 family structure
Exemptions	<ul style="list-style-type: none"> • Business purpose loans • Reverse mortgages • HELOCs • Chattel-dwelling loans 	<ul style="list-style-type: none"> • Business purpose loans • Lot loans • Exceeds 25 acres • Construction-only loans • Bridge loans or temporary closed-end consumer credit • Credit extended to non-natural persons such as an estate • Reverse mortgages • HELOCs
Definition of “application” which requires disclosure	<ul style="list-style-type: none"> • Consumer’s name • Consumer’s income • Consumer’s Social Security number • Property address • Estimated property value • Loan amount sought 	<ul style="list-style-type: none"> • Consumer’s name • Consumer’s income • Consumer’s Social Security number • Property address • Estimated property value • Loan amount sought; and • Any other information required by the creditor
Title of application disclosures	<ul style="list-style-type: none"> • Loan Estimate (LE) 	<ul style="list-style-type: none"> • Good Faith Estimate (GFE) • Early Truth in Lending Disclosure (eTIL)
Delivery requirements	Unchanged	Within 3 business days of application and at least 7 days prior to closing
3-business day definition	Unchanged	A day on which the creditor’s offices are open to the public for business functions
7-business day definition	Unchanged	All calendar days except Sundays and legal public holidays
Written list of service providers	Unchanged	List must be provided within 3 business days of application if creditor permits the borrower to shop for a service
Fees restriction	Fees (except credit report) cannot be charged or collected until the LE is provided and borrower indicates intent to proceed	Fees (except credit report) cannot be charged or collected until the LE is provided and borrower indicates intent to proceed
Pre-LE/GFE disclosure	<ul style="list-style-type: none"> • Permitted but must not look like the LE • Must state in at least 12-point font on top of 1st page: “Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing a loan.” 	<ul style="list-style-type: none"> • Permitted but must not look like the GFE
Require verification of borrower documents	Prohibited until LE is provided and borrower has indicated intent to proceed	Prohibited until GFE is provided and borrower has indicated intent to proceed

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Permitted cost increases from application disclosures (GFE & LE) to Consummation Disclosures (Settlement Statement & Closing Disclosure)	<p>Costs that cannot increase from LE to Closing Disclosure (CD)</p> <ul style="list-style-type: none"> • Fees paid to creditor or broker • Fees paid to an affiliate of creditor or broker • Transfer taxes • Fees paid to an unaffiliated third party if the creditor did not permit the consumer to shop for the third party <p>Costs that can increase up to 10% in the aggregate:</p> <ul style="list-style-type: none"> • Government recording charges • Services the consumer is permitted to shop for and selects a provider from the creditor's list but cannot be an affiliate • Services the consumer is permitted to shop for and does not select a provider and the creditor selects a provider that is not an affiliate • Services for which the creditor permits a consumer to shop, but fails to provide a written list of providers <p>Costs that increase in any amount:</p> <ul style="list-style-type: none"> • Prepaid interest • Property insurance premiums • Amounts paid into escrow • Charges paid to third-party service providers selected by the consumer that are not on the creditor's written list <p>Charges paid for third-party services not required by the creditor (may be paid to affiliate of the creditor)</p>	<p>Costs that cannot increase from GFE to HUD 1:</p> <ul style="list-style-type: none"> • Origination charge • Once the borrower's interest rate is locked, the credit or charge for the interest rate chosen and the adjusted origination charge • Transfer taxes <p>Costs that can increase in the aggregate up to 10%:</p> <ul style="list-style-type: none"> • Lender-required, lender-selected settlement providers • Lender-required services, title services and required title insurance when the borrower uses a settlement service provider identified by the lender on the written list • Government recording charges <p>Costs that increase in any amount:</p> <ul style="list-style-type: none"> • Prepaid interest • Property insurance premiums • Amounts paid into escrow • Charges paid to third-party service providers selected by the consumer that are not on the creditor's written list <p>Charges paid for third-party services not required by the creditor (may be paid to affiliate of the creditor)</p>
Changed circumstances	<p>Categories of changed circumstances:</p> <ul style="list-style-type: none"> • Changed of circumstances affecting settlement charges • Changed circumstances affecting eligibility • Borrower requested changes • Interest rate dependent charges • Expiration of the LE (10 business days) with no intent to proceed • Delayed settlement date on a construction-perm loan if notice is provided 	<p>Categories of changed circumstances:</p> <ul style="list-style-type: none"> • Changed of circumstances affecting settlement costs • Changed circumstances affecting the loan • Borrower requested changes • Expiration of the LE (10 business days) with no intent to proceed • Delayed settlement date on a construction-perm loan if notice is provided

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Trigger for revised application disclosures	<p>Loan Estimate:</p> <ul style="list-style-type: none"> Valid changed circumstance increasing a fee paid to the creditor, mortgage broker or affiliate of either, a fee for which the consumer is not permitted to shop or transfer taxes (“zero” tolerance fees) by any amount Valid changed circumstance(s) increasing the sum of fees for changes the consumer is permitted to shop for or recording fees “10%” tolerance fees) by more than 10% Locking in the loan’s interest rate Expiration of LE with no intent to proceed Permanent financing of construction loan more than 60 calendar days after original LE with construction loan disclosure (if notice is provided to consumer on initial disclosure) 	<p>Good Faith Estimate:</p> <ul style="list-style-type: none"> Increase in costs resulting from valid changed circumstance Locking in the loan’s interest rate Expiration of GFE with no intent to proceed Permanent financing of construction loan more than 60 calendar days after original GFE with construction loan disclosure Change in any material term of the loan eTil APR becomes “inaccurate” by more than .125%
Timing of revised application disclosures	<p>Closing Disclosure: Sent within 3 business days of receiving information sufficient to establish that a changed circumstance trigger as described above occurred, except:</p> <ul style="list-style-type: none"> Revised LE cannot be received by the borrower on the same day the borrower receives the CD – thus, revised LE must be received at least 4 business days prior to closing If delivering the revised LE by means other than in person, (including electronic delivery) the disclosure is considered to be received 3 business days after placing it in the mail (“mailbox rule”) unless the creditor receives proof of receipt 	<p>Good Faith Estimate:</p> <ul style="list-style-type: none"> Sent within 3 business days of receiving information sufficient to establish that a changed circumstance occurred <p>eTil:</p> <ul style="list-style-type: none"> Received by borrower at least 3 business days prior to closing
Title of closing disclosures	<ul style="list-style-type: none"> Closing Disclosure (CD) 	<ul style="list-style-type: none"> HUD 1 Settlement Statement (HUD) Truth in Lending disclosure (TIL)
Delivery of closing disclosures	<ul style="list-style-type: none"> Received by borrower no later than 3 business days prior to closing Cannot be received by borrower on the same day as a revised LE If delivering the CD by means other than in person, (including electronic delivery) the disclosure is considered to be received 3 business days after placing in the mail (“mailbox rule”) unless creditor receives proof of receipt 	<ul style="list-style-type: none"> Available for inspection one business day prior to closing with items known to creditor At or before closing

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<p>Subsequent changes to closing disclosures</p>	<p>Changes before closing that require a revised CD <u>AND</u> a new 3-business day period:</p> <ul style="list-style-type: none"> • APR increases by more than 1/8 of one percent for a fixed-rate loan (1/4 of one percent for a variable-rate loan) • Changes in loan product (e.g., fixed rate to variable rate) • Addition of prepayment penalty <p>Changes before closing requiring revised CD at or before closing but NO new waiting period:</p> <ul style="list-style-type: none"> • Any change other than those described above • Revised CD must be available day before closing if requested by the consumer <p>Changes following closing requiring a revised CD:</p> <ul style="list-style-type: none"> • Events that cause a change to the amount paid by the consumer within 30 days after closing. <ul style="list-style-type: none"> ○ Revised CD is required within 30 calendar days of receipt of change information • Non-numeric Clerical errors <ul style="list-style-type: none"> ○ Revised DC required within 60 calendar days of closing 	<p>An inadvertent or technical error in completing the HUD-1 or HUD-1A</p> <ul style="list-style-type: none"> • Provide a revised HUD-1 or HUD-1A within 30 calendar days of settlement