



## What is Changing?

### New uniform definition of an application:

- All lenders will now have a uniform definition of what constitutes a mortgage application.
- Lenders will no longer be permitted to require unique information or documentation to constitute a complete application. In other words, the seventh item that lenders could uniquely select will no longer be applicable under the new rules. All lenders will be held to the same definition. Once a lender has received the following information it will be deemed an application:
  1. Borrower's Name
  2. Borrower's Income
  3. Borrower's Social Security Number
  4. The subject property address
  5. Estimated property value
  6. Loan Amount sought
- If the lender receives the six items noted above, it is considered a complete application and the loan is subject to initial disclosure requirements. Previously, when lenders were permitted to have a unique seventh item, the loan would not be considered an application or subject to disclosure solely upon receipt of the six items noted above.
- Criteria for determining when a Pre-Qualification and/or Pre-Approval letter can be issued will need to be re-evaluated by all lenders.

### New Forms:

- For loans subject to the new regulation, new disclosure forms have been introduced and existing forms will become obsolete.
- The Good Faith Estimate, Truth-in-Lending Disclosure and HUD-1 Settlement Statement will no longer be applicable for loans subject to the Truth-in-Lending / RESPA Integrated Disclosure (TRID).
- The forms have been replaced with two new forms, the Loan Estimate (LE) and the Closing Disclosure (CD).
  1. The Good Faith Estimate and Initial TIL are replaced with the Loan Estimate.
  2. The HUD-1 Settlement Statement and final TIL are replaced with the Closing Disclosure.
  3. The Closing Disclosure must be provided to the borrower at least three business days prior to closing.
- This timing requirement will significantly impact workflow and the entire closing process.
- Both the LE and CD are significantly different in look and feel. Although much of the information on the form is similar to the GFE, TIL and/or HUD-1 Settlement Statement, there are also significant differences.
  1. The regulation addresses both "general" business days and "specific" business days.
  2. The LE is based upon "general" business days, which does NOT include Saturdays.
  3. The CD is based upon "specific" business days, which DOES include Saturdays.

# October 3, 2015 Industry Changes: TILA-RESPA Integrated Disclosure Rule Implementation

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### New Cost Information:

- There is now a new section on both the LE and CD that lists the borrower's cash to close. This displays information for both closing costs and total costs to close, including the down payment.
- Previously all costs, including down payment, were not displayed.
- Taxes and Insurance must be disclosed, even if the borrower will not escrow those funds and include with their monthly payment.
- In addition to the APR, the borrower will now be advised of the Total Interest Percentage (TIP). The total amount of interest, paid as a percentage of the loan, will now be provided to the borrower.
- For Example: If a borrower takes a 30 year, \$100,000 loan and over the life of the loan the payments total \$400,000, the TIP would be 75.00%
  1. \$100,000 principal balance
  2. Monthly payment of \$1,111.11 x 360 months = \$400,000 (rounded)
  3. \$300,000 interest paid (\$400,000 - \$100,000)
  4. 75.00% TIP (\$300,000 / \$400,000)
- In simple terms, TIP would show the consumer that if they paid their loan over 30 years, the total interest they paid was 75% (in the above example). There is no change here, other than displaying it to the borrower and having to explain it.

### New Timing:

- The Closing Disclosure must be provided to the borrower at least three business days prior to closing.
- This timing requirement will significantly impact workflow and the entire closing process.
- There is no exception to this rule.
- Certain changes to the CD will trigger an additional three-day waiting period.

### New Responsibilities:

- Previously, the HUD-1 Settlement Statement was customarily prepared by the closing agent. The new regulation now gives lenders the option to issue the Closing Disclosure, including any revisions that are needed.
- Many lenders are considering this option due to the magnitude of the change and the lender's responsibility for accuracy and timing.
- This creates a new process for closing agent to provide lenders with fee information, as well as invoices for fees and costs not charged by the lender.
- Lenders who prepare the CD may also have to be available during non-working hours in order to accommodate changes at the settlement table / doc signing.

# October 3, 2015 Industry Changes: TILA-RESPA Integrated Disclosure Rule Implementation

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### What Is Not Changing:

- Once a borrower receives the Loan Estimate, certain fees can only be changed with a legitimate changed circumstance.
- There are still tolerance levels for certain fees, although any fee that the borrower cannot shop for on his or her own is now in a zero tolerance / change category.
- While other disclosures have been consolidated into the new forms, the majority are still required.

### What Do I Need To Do?

- Become informed.
- Visit [www.PHLCorrespondent.com/OctoberThird](http://www.PHLCorrespondent.com/OctoberThird), a knowledge center for industry professionals seeking information on how to prepare for the TRID rule implementation, including live webinars and instructional videos.
- Planet Home Lending will continue to build processes and procedures to ensure we maintain our industry leading Customer Commitment and close on time.



## Planet Home Lending

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