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**MODEL TRID POLICY SAMPLE LANGUAGE**

(This model policy is 16 pages long, we have provided a sample for review of the scope and tone of the policy. Ellipsis in this sample represent omitted materials that are provided with the purchase of the document. We adapt the document to each client, including substituting the business name for “Entity” throughout the document and using proper reference to board/members/partners based on entity type.)

**TILA/RESPA Integrated Disclosure Policy**

Full Business Name (“Entity”) sets forth the following policies with respect to its operations and loan products that fall within the Truth-In-Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA) Integrated Disclosure Rule<sup>1</sup>, as amended (the TRID Rule). These policies become effective October 3, 2015, or such date as the TRID Rule takes effect.

Entity firmly believes it benefits when its consumers make informed choices about their mortgage loans. The TRID Rule is therefore in accord with a core company principle; inasmuch as the general purpose of the Loan Estimate and Closing Disclosure required by the TRID Rule is to clearly inform consumers of their loan’s anticipated and final closing costs. These policies are established to ensure Entity originates mortgage loans and provides consumer disclosures required by and in compliance with the TRID Rule.

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<sup>1</sup> 78 Fed. Reg. 79730 (Dec. 31, 2013).

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Entity's board of directors (the "Board") has adopted these policies. The Board delegates the day-to-day operations of Entity to its officers.

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#### **LOANS COVERED BY THESE POLICIES**

These policies apply to closed-end consumer credit loans secured by real property, except reverse mortgage transactions. Most loans to non-natural persons are exempt, except certain loans to trusts formed for tax or estate planning purposes.

These policies apply to the following loans otherwise exempt under Regulation X from the Good Faith Estimate (GFE) and HUD-1 settlement statement (HUD-1) disclosure requirements:

- Loans secured by property of 25 or more acres;

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These policies do not apply to:

- Open-end credit (i.e., home equity lines of credit);

...

[CHOOSE ONE – {Entity will not apply these policies to transactions exempt from the TRID Rule, including business purpose loans.} OR

...

#### **EFFECT ON QUALITY CONTROL AND VENDOR MANAGEMENT**

Entity's quality control and vendor management policies and procedures address Entity's pre- and post-closing loan quality reviews and due diligence of third parties that provide material settlement services to Entity, including Settlement Agents that close loans subject to the TRID Rule.

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#### **PRE-DISCLOSURE ACTIVITIES**

##### **PRE-DISCLOSURE WRITTEN ESTIMATES**

Senior management shall exercise its discretion in determining whether employees may provide a written worksheet approved by the Compliance Department that describes a consumer's specific terms or costs before the Entity is required to provide a Loan Estimate.

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##### **Wholesale Considerations**

Mortgage brokers may provide written estimates prior to receiving the information that constitutes a TRID Application.

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##### **PRE-DISCLOSURE FEE RESTRICTIONS**

For loans subject to the TRID Rule, Entity may charge consumers, upfront, an amount not to exceed the actual charge for a credit report fee.

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## **LOAN ESTIMATE**

### **TRID APPLICATION**

The following six specific points of information constitute a “TRID Application” when submitted by a consumer for the purpose of obtaining an extension of credit:

- The consumer’s name;
- The consumer’s income;
- The consumer’s social security number (to obtain a credit report);
- The property address;
- An estimate of the value of the property; and
- The mortgage loan amount sought.

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### **FORM AND METHOD OF DELIVERY**

The Loan Estimate must be provided using Entity’s loan origination system. The Compliance Department will test Entity’s loan origination system

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### **COLLECTING ADDITIONAL INFORMATION**

Because the six items alone that constitute a TRID Application may not provide sufficient information to identify a loan product, the term sought, or an address to provide the consumer with the prepared Loan Estimate, Entity expects employees to

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### **DOCUMENTING CONSUMERS’ INTENT TO PROCEED**

Entity requires that a consumer’s "intent to proceed" with the loan transaction be documented by electronic or other form of writing, including

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### **PRE-QUALIFICATION AND PRE-APPROVAL**

Where a consumer has expressed a desire to obtain a more certain pre-qualification or pre-approval without desiring to submit a loan application, such as a consumer interested in a pre-qualification or pre-approval before shopping for a home, additional verifying information

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### **VERIFYING DOCUMENTATION**

Employees must not require applicants to provide verifying documentation in advance of or as a condition to

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### **LOAN ESTIMATE TIMING**

Entity must provide the consumer a Loan Estimate (or Loan Estimates if the consumer is interested in more than one loan program) within three business days after receipt of a TRID Application. For this requirement, business days include days Entity is open to the public for substantially all of its business functions. **If Entity does not have electronic consent of the consumer’s authorization to deliver electronic disclosures in its records**

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Entity considers the Loan Estimate received at the earliest of the following:

- Entity obtaining evidence of the consumer's receipt;

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A revised Loan Estimate may not be provided to a consumer on the same day as or after Entity has provided a Closing Disclosure to the consumer.

#### **Wholesale Considerations**

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#### **WITHDRAWAL AND DENIAL OF A TRID APPLICATION**

Employees need not provide a Loan Estimate to a consumer that withdraws his/her loan application prior to the time a Loan Estimate was required to be provided. The definition of a loan application for purposes of the Equal Credit Opportunity Act is different from the definition under the TRID Rule. Accordingly, depending upon what other consumer information may have been collected

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#### **WRITTEN LIST OF SETTLEMENT SERVICE PROVIDERS**

Senior operations management shall determine which services must be ordered from required service providers and which services it will allow the consumer to shop for. A consumer must be permitted to shop for title insurance.

The initial Loan Estimate, must be accompanied by a written list identifying at least one provider for each required service the consumer may shop for. The list must include

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#### **LOAN ESTIMATE RECORD RETENTION**

Entity shall retain all Loan Estimates, including revised Loan Estimates and records reflecting the basis for each such revision, for the period determined by the Compliance Department. This retention period must be no fewer than three years from consummation or

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