

Issue Date: **10.30.2015**

Effective Date: **10.3.2015**

No: **2015-10-03**

TILA RESPA INTEGRATED DISCLOSURES (TRID) **WHOLESALE CHANNEL**

On October 3, 2015 one of the last requirements of the Dodd Frank Act will be implemented. As a result of TRID the Good Faith Estimate and Truth-in-Lending Disclosure will be combined into one document known as the Loan Estimate (LE). The HUD-1 Settlement statement will become the closing Disclosure (CD). As a result of these changes ResMac sets forth the following policies and procedures:

BACKGROUND

The new rule applies to all applications on closed-end 1-4 unit dwellings attached to real property, regardless of occupancy. The following applications are exempted from the new rules:

- HELOCs
- Reverse Mortgages
- Mortgages secured by a dwelling that is not real property (e.g. mobile home, house boat)
- Certain no-interest loans secured by subordinate liens made for the purpose of down payment or similar home buyer assistance, property rehabilitation, energy efficiency or foreclosure avoidance or prevention.

LOAN ESTIMATE (LE)

It is ResMac's position that the Mortgage Broker's loan originator will be responsible for the issuance of the LE within three (3) business days of an application and at least seven (7) business days prior to consummation. The LE must be disclosed when the six (6) pieces of consumer's financial information constituting an application are received. The six (6) requirements are:

- Name
- Income (As stated on the 1003, not verified)
- Social Security Number (to obtain credit report)
- Property Address (of proposed property)
- Property Value Estimate (of proposed security)
- Requested Mortgage Loan Amount

Definition: Business Day – A day on which ResMac is open to the public for carrying on substantially all of its business functions.

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NOTE: This will NOT include Saturday for the three (3) business day requirement but will include Saturday for the seven (7) business day requirement.

Upon submission of the file to ResMac the disclosure desk will review the LE for accuracy and timing of delivery. If the LE is correct the loan will be submitted to underwriting. If the LE is incorrect the file will be cancelled.

CLOSING DISCLOSURE (CD)

When the loan is clear to close the CD will be prepared by the Closing Department. The CD must be received by the consumer at least 3 business days before consummation. If there are certain changes between the time the CD is issued and consummation, a new CD must be generated and an additional three (3) business day waiting period must follow receipt of the new form. Changes that would require an additional three (3) day wait are:

- An increase in the APR by more than .125% (and .250% for loans with irregular payments or periods)
- Changes to loan product or certain features (adjustable to fixed rate)
- The addition of a prepayment penalty

NOTE: Consummation Date – The date the note is signed will be the consummation date.

Under TRID there are modified tolerance changes. These will fall into three buckets, zero percent (0%) tolerance, ten percent (10%) tolerance and variations that are permitted.

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NOTE: This will include Saturday for the three (3) business day requirement.

The Closing Department will prepare the CD and forward to the title/escrow agent for their portion to be completed. Once an accurate CD is agreed upon the Closing Department will forward the disclosure to the consumer. Upon acknowledgement of receipt by the borrower or the expiration of the three business date waiting period the closing will be set. Provided there are no change to the CD resulting in an additional three business day wait the loan will close and all borrowers will be required to sign the final CD.

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CHANGE OF CIRCUMSTANCES

Acceptable change of circumstances are defined by regulation as follows:

- Acts of God, war, disaster, or other emergency
- Information particular to a borrower or transaction that was relied on in providing the LE that changes or is found to be inaccurate after the LE has been provided.
- New information particular to the borrower or transaction that was not relied on in providing the LE.
- Other circumstances that are particular to the borrower or transaction, including boundary disputes the need for flood insurance or environmental problems.

Re-disclosure is only required when the changed circumstances affecting settlement charges cause the estimated charges to increase and the aggregate amount of such charges are increased by more than 10 percent. In the case of rate locks the revised LE must be provided within three (3) business days after a consumer locks if there is a change in the points or lender credits disclosed originally.

Once the LE has been accepted, ResMac will provide disclosure for all change in circumstances upon receipt of a COC request from the broker.

VENDORS

ResMac has verified that all AMC's utilized will have standardized pricing for appraisals and that these vendors are TRID compliant. Our third party quality control company has also express their compliance with TRID.

At the present time the LE will be generated by the broker through their LOS system. All third party originators will be required to sign a Certificate of Compliance which will certify their compliance with TRID.

QUALITY CONTROL

Upon submission of the file by the third party originator, the Loan Coordinator (LC) will review the file and in particular the LE for accuracy. The LC will check to ensure the borrower has provided their intent to proceed, that the disclosures were provided in the required three (3) business day period and that the return receipt acknowledging the borrowers receipt of the disclosures is present or that the wet signature appears where required in those cases where electronic delivery was not possible.

All documentation will be stored electronically with the proper backup systems in place.

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POST CLOSING

ResMac utilizes a third party QC company for post-closing review. The third party company will implement new TRID categories and questions to their QC questionnaire which will have been reviewed and approved by their legal counsel.

ResMac will perform pre-funding QC reviews to verify the accuracy of the LE and CD. Where necessary discretionary audits will be performed to determine compliance with the TRID requirements.