

TRID Q&A for Wholesale presentation
by Gary Clark



Q&A Wholesale TRID Webinar - May 12, 2015

- Q: Who will be the "contact person" for the lender on the CD? Will this be the funder, CSR, A/E? Thanks.
- For SPM, this is yet to be determined, but it will very likely be the document drawing staff.
- Q: We often disclose the appraisal fee to include the rush fee just in case. If we disclose \$535 and the appraisal is only \$435 are we out of compliance?
- No, that would be fine.
- Q: what happens if the underwriter requests credit supplements which make the credit report fee go up past the estimate?
- This would be a changed circumstance and a new LE could be issued
- Q: I've had some transactions where the buyer broker fee is paid by the buyer. In the past we've been told that is not on the GFE. Should that now be added to the GFE? If so, where?
- The GFE goes away on August 1st. Under the new regulation, borrower paid broker compensation would be disclosed on the LE in Section A.
- Q: third party fees such as Condo Questionnaire fees or Verification of employment fees or 442 are hard to anticipate if they will be needed and the amounts if they are. Since they are not services the borrower can shop for what are the tolerances for these fees. if no tolerance should we disclose a fee for these items just in case?
- If the property type is known as a condominium at the beginning, you should disclose a Condo Questionnaire Fee. Other items such as Re-inspection Fees, etc, are a result of "new information" (i.e. an appraisal indicating a need for a re-inspection), and are treated as a changed circumstance and can be disclosed at that time.
- Q: how are we going to deal with the AMCs that change the appraisal fee at time of order?
- SPM plans on making available a service in which an advance quote may be obtained prior to the actual order for disclosure purposes
- Q: Is an increased appraisal fee by the AMC due to a "unique" property, etc. be considered a changed circumstance for the LE?
- Yes, assuming that you did not know the unique nature of the property at the time of the request. This should be documented with support from the appraiser.
- Q: with LLPA's, etc., how can we accurately deliver an LE if we don't run credit?
- You are permitted to collect a credit report fee and run a credit report fee prior to issuing an LE.
- Q: when starting a new application we name our own files. Seems obvious we will now be turning to the lender to have consistency with the loan #?
- Very likely lenders will be providing the loan number as well as systems in which you may use to produce an LE
- Q: what if you have to change lenders in regards to the loan # ?
- The new lender would provide a new loan number
- Q: Can I change lenders after issuing an LE from my up front lender choice?
- Yes, but the new lender may require a new application dated within three days of issuing their LE
- Q: On a refi, is there still a 3 day recession or since they are getting CE 3 days prior to signing does that constitute the recession ?
- Yes, the rescission period is still required on a refinance
- Q: So many creditors still require a re-draw of loan documents even when there is a change of less than .125% and a lower APR. Will SPM do this also?
- We have no plans to change our current procedures which do not require a re-draw if the change is less than .125% or if the APR decreases. Our position is subject to change if the CFPB issues final/definitive guidance or our investors require re-disclosures
- Q: Can the loan ID # be the broker's internal loan # or does it have to be the wholesale lenders loan #?
- The loan ID must be used throughout the transaction and be the same. This will be the lender's loan number
- Q: How about a decrease in fees for those fees under 'No Tolerance'?
- Permitted and fine.
- Q: Do we need to take a new application if we change lenders
- Very likely yes.
- Q: will the fee sheet go away?
- We are working on providing an online fee worksheet to eliminate the paper process
- Q: What happens if I have not selected a lender at the point I must issue the LE?
- The LE is required to be issued within three general business days of the date of the loan application
- Q: Will SPM still require a Broker Fee Agreement?
- SPM will still require a broker agreement including an agreement on broker compensation
- Q: Does the application date and the LE date need to be the same?
- No, the LE must be issued within three business days of the date of the application
- Q: Are you still going to be able to change from a Lender Paid transaction to a Borrower paid transaction
- Yes if the circumstances surrounding the change request, once evaluated, permit the change from lender paid to borrower paid. These rules are not changing under TRID. They are part of TILA's loan officer compensation rules.

Q&A Wholesale TRID Webinar - May 12, 2015

- Q: Is the COC form the same or do they have a new form. If they have a cost to cure, where is this listed on the CD? We are working on providing an online COC form to use.
- Q: Since Lender will issue LE, we'll need to get all Title fees in writing before we contact the Lender...correct? You don't need the fees in writing but you do need to ensure the fees are accurate
- Q: will proof be required in the examples you gave for increased cost of appraisal as a changed circumstance? Yes, documentation would be required to support any change in circumstance
- Q: If LE not issued within 3 days, will I need a new app to cure and start over? Yes, a new application would be required
- Q: Will you need a ratified contract to issue the LE on a purchase up front? No. We cannot require any verifying documentation prior to issuing the LE including a purchase contract.
- Q: can I print out all pages of this presentation? The presentation is posted online.
- Q: who is educating the title/escrow companies on TRID? The American Land Title Association in cooperation with the MBA has conducted a number of one day workshops throughout the country.
- Q: If borrower needs to use a Mobile Notary at closing, and no notary fee was shown originally, would this be allowed as a COC? Probably not. The closing agent should have factored in the need for a mobile notary when they issued their fee quote. Each request would have to be evaluated individually.
- Q: how would this process work with floating rates for a refi? You have all elements, but are waiting for a lender to offer your target pricing. Since you don't know final lender, how would you issue the LE without a proper Loan ID? Once you have an application an LE must be provided within three general business days. Once a loan is rate locked, a new LE would be provided.
- Q: FYI - if closing date changes, must issue new CD but no waiting required A new CD would be provided but a new three day waiting period would not be required.
- Q: Since there is now a 3 day wait after CD, in the event we have a 1/8 increase in APR, is there still await between LE and CD? Like there is currently a wait after COC GFE? If the APR becomes inaccurate and increases by more than .125%, a new CD and a new 3 day waiting period is required.
- Q: When will Sierra Pacific's site accommodate the info to issue the LE? Will there be training resources The regulation does not provide for any "phase in" period. The new process will begin on August 1st. Training will be provided in advance of that date.
- Q: with SSN and other elements, we go to SP website and provide LE. When we examine trade lines, they don't qualify for your jumbo. Do we now start process at another lender since we now know we can't close with you? The first application would be denied and a new application and process could begin at a new lender.
- Q: For Brokers, how is it not deceptive to not disclose the broker compensation on LE for lender paid and then CD disclose? Won't the borrower feel bait and switch? Borrower paid compensation is disclosed on the LE. Lender paid compensation is only disclosed on the CD and is disclosed as a cost "paid by others".
- Q: Will loan document and CD issue at the same time? Not necessarily. The CD must be received by the borrower three specific business days prior to signing the note.
- Q: Will you accept credit approval applications without identified property address for the purchase? Possibly, depending upon operational volume
- Q: given the fact that LE will be created in conjunction with a lender's website, will all other disclosures be supplied lender too? And will this cover broker's disclosure responsibilities? I.E. now brokers do not have to create duplicate disclosures of all other items? SPM will produce and send the LE and all other required disclosures. Specific disclosures required by regulation (Federal or State) between a borrower and a broker would still be required to be produced by the broker.
- Q: can broker pay for appraisal fee and be reimbursed at closing? Yes
- Q: If offer on property is not accepted by seller, then must find another property. What happens? New LE? Yes, you would have a new application date and a new LE with a new property address.
- Q: how will this new disclosure affect loans going from setup to u/w? There should be no impact.
- Q: Final Q, thanks. "Direct lenders" will be subject to these new rules as well? Hope so to keep the playing field level. The regulation applies to all lenders.
- Q: in MASS we do not issue a TIL: how will this LE be implemented ? The process will be the same as this is a Federal regulation.

Q&A Wholesale TRID Webinar - May 12, 2015

- Q: Same Gary Clark that ran Commerce security Bank? Yes
- Q: Will Sierra Pacific being issuing the LE or will they allow the Brokers to issue it SPM will provide a web portal that brokers may use to request SPM to issue the LE on behalf of the broker.
- Q: Credit report fee is something they don't shop for, but it changes with each loan depending on different variables. (DU vs manual u/w will not have the FNMA retrieve fee, etc.) You should use your best estimate of the potential credit report fee at the time of loan application
- Q: can fees that cannot be shopped for, such as the appraisal, be disclosed higher, and if the actual cost is lower, is that ok? The regulation requires that you use your best available information to estimate the fee. SPM hopes to provide a web portal by August 1st that would allow you to obtain an appraisal fee quote.
- Q: Can creditor or broker fees go down on a borrower paid transaction between LE and CD? No except due to a change of circumstance
- Q: if you have no property address do you need to disclosure No, because the property address is one of the elements required that defines an application.
- Q: How do we issue a LE in the name of the wholesale lender before we ever submit to the lender? The regulation requires that the LE be issued within three general business days of the application.
- Q: Will Niels be updating all POINT programs for fees on the Retail loans to insure that the fees are all the same? This is to be determined.
- Q: as a broker using you do we still send a LE besides the one that SP sends? Only one LE is required to be issued within three general business days of the application
- Q: Is the Owners title premium/Transfer Tax added on the LE even if not customary for the Brw to pay? Will this also be added in the Cash to Close if not paid by the Brw? If the transfer tax is typically paid by the seller it may be left blank on the LE. The same is true on the Owners Title Policy. These would appear on the CD as paid by the seller.
- Q: Regarding the Application date, generally on a refi we don't know our loan amount until we have a payoff. Is it correct that we don't have all 6 elements until we have a payoff to calculate a loan amount? Yes and No. If the borrower indicates a loan request of \$200,000, then you have the sixth element. However, the payoff request could adjust that up or down when received.
- Q: How about 1004 D This would be a changed circumstance and disclosed when the appraisal report is received.
- Q: who determines the naming of the fees upon LE? SPM will provide drop down lists of fees to be used on our web portal fee sheet application.
- Q: you stated that we are unable to "HOLD" Credit Card information in advance to order an Appraisal is this the case as we would not be ordering the Appraisal prior to disclosure ? Yes. The specifically noted in the regulation.
- Q: Are seller paid items still shown on the LE? (ie: transfer tax) No.
- Q: Why is Owner's Title listed as "Optional"? This is listed as such in the regulation and it is an optional item not required by the lender.
- Q: do you know when calyx or encompass will release these updates? No.
- Q: will i be able to get a copy of this presentation> Yes
- Q: Under the new rules, is there a problem doing the loan and representing the buyer as their broker or listing broker? No, not under this regulation. However, you should review HUD requirements regarding dual compensation.
- Q: since there is no variance for credit or appraisal fee can those fees be inflated to cover any additional charges that may be incurred after the LE was issued? You should use your best estimate of the potential credit report fee at the time of loan application
- Q: Pls restate all six elements for LE Borrower Name, Property Address, Social Security #, Loan Amount, Estimated Value, Income
- Q: are we still providing federal and state disclosures You should provide any state or federal disclosures required between a broker and a borrower.
- Q: Can I collect a credit report fee up front on a TBD? How will direct consumer payment to the credit vendor be classified? I 'collected' the fee? A credit report fee may be collected. Fees paid directly by the consumer to the credit report agency would be disclosed on the LE as a fee and on the CD as a fee paid prior to COE.
- Q: what if you need a final inspection for repairs This is a change of circumstance identified when you receive the appraisal and a new LE may be issued.

Q&A Wholesale TRID Webinar - May 12, 2015

- Q: How do we know what fees are going to be paid by the sellers before the ratified contract? You don't. This would be addressed on the CD as a fee paid by the seller.
- Q: With lenders taking on the disclosure process, will SPM provide a list of what the broker actually needs to provide separately? You would still provide any specific state or federal disclosures required by you as broker to the borrower.
- Q: So we ARE still required to issue a Cal Mtg Discs. / CMDLS? Yes
- Q: You stated we can't collect for a credit report without borrowers Intent To Proceed. If Borrower can't give "Intent to Proceed" until after receiving LE, does this mean we can never charge for credit prior to LE? No, you cannot collect any other fee, and only may collect the credit report fee in advance of obtaining a borrower's intent to proceed.
- Q: How do you issue LE with Loan ID for client making offers? You don't know if offer will be accepted (often not in Bay area!). You don't. An LE is not required until you have a property address which is one of the six elements required that define an application.
- Q: Now, AMC's send out request and often take a couple days to get a quote! How will we be able to quote prices? You may quote based on your past experience. We also plan on providing an online quote portal to enable you to obtain this information without a wait.
- Q: Can we issue an LE using TBD or do we have to issue an LE for TBD?? An LE is not required nor can be issued until a property address is obtained.
- Q: What happens if the closing is delayed for 3 days, is the borrower considered in default of the contract? That is a legal question best directed to an attorney
- Q: Can the LE or the CD be delivered electronically? Yes, and we plan on doing so. However, the borrower must consent in advance to eSign documents.
- Q: If a broker shops a loan to multiple wholesalers, how does the transaction keep the same loan number? It will not. The borrower will receive multiple LE's all with different loan numbers.
- Q: I've done several TRID webinars to date and so far your webinar has been the most informative and complete. Thank you very much! Thanks for attending.
- Q: For buyer paid title fees, do they have to now be broken down fee by fee on the LE - currently just lumped into one Title Fee on GFE - how is this even possible since every title co has different names for fees? If a title company and/or settlement agent quotes a single fee that is fine. SPM will provide an online portal to use in which the fee names will be standardized.
- Q: Clarify the credit report charges.... Can any credit report fee be charged or collected at closing or do we need to collect all credit report fees upfront...?? No, this fee may be collected at closing.
- Q: block A: Are we still putting PIW in this block? Yes, all lender fees required would appear in Block A
- Q: Would a COC cover lender change resulting in a new lender In # No. This would be a completely new LE.
- Q: is this going to apply to loan officers who work at banks? I would assume so, since BofA and Wells are discontinuing loan apps via their website Yes, the regulation applies to all lenders
- Q: Are we able to print the screens or some of the presentation screens? The presentation is available online.
- Q: will the voice recording of this webinar be sent to us or made available? I missed a large portion of the Q&A session having to meet with client :(No, however an additional presentation is schedule for June 11th.
- Q: Question...If the CD is issued on Friday. We have Saturday (day 1), Monday (day 2), and Tuesday (day 3). Is Tuesday the first day they can sign the note or do they have to wait until Wednesday to sign? Thanks! Tuesday is the first day they may sign
- Q: Can you issue an LE before you have a signed application? SPM will require evidence of the date of application. I would suggest that an eSign process be used to ensure the application date.
- Q: WHAT IF THE LENDER CHANGES AFTER LE HAS BEEN ISSUED? A new LE would be issued by the new lender.
- Q: in your opinion what is the most important change for the real estate broker? Understanding the process and in particular the requirement that the CD be received by the borrower three days prior to signing the note.
- Q: Then how do you know who pays what on the purchase if you don't have a contract? You don't. The LE does not require the designation of who may be paying a particular cost. This appears on the CD.
- Q: Will the lender or the broker provide the LE service provider list? SPM will provide a service provider list with the LE.

Q&A Wholesale TRID Webinar - May 12, 2015

- Q: Re LE and the remaining packet: Can you process the entire disclosure packet at the same time as the application and have them sign them all on the same day (including the appraisal order form with credit card info)?
- Yes and No. The LE may not be combined with other disclosures (i.e. it should not be part of a 70 page pdf disclosure package). SPM plans on providing the LE and the Service Provider list separately, followed by separate files for the Intent to Proceed and other required disclosures. Additional fees including credit card info should not be collected until after the intent to proceed has been executed.
- Q: The lender issues the loan ID#, not the broker and the GFE/LE is usually given before submitting the loan to lender, so how would we get the loan ID?
- You will register the loan on our web portal, provide the necessary information and SPM will provide the LE which includes the loan number.
- Q: Do you Believe this will be implemented on August 1st as planned or will the CFPB Delay ?
- Yes. There will be no delay in the implementation of this regulation.
- Q: Will SPM allow docs to be drawn and forwarded to escrow, waiting for the wait period? or not releasing docs till the 3rd day?
- TBD
- Q: Will we be able to use the work fees detail on Calyx software?
- Yes, the worksheet within Point may still be utilized.
- Q: The CD delivery seems to be the most delaying, Do we need it back signed to sign loan documents
- The CD must be received by the borrower three specific business days prior to signing the note. If not acknowledged as received by the borrower, the mail box rule applies which indicates the document is deemed received three days after it is produced.
- Q: does the address have to be ratified or just any address for LE
- The LE requires the property address.
- Q: On a correspondent loan will the LE be in their name
- Yes
- Q: Do we need to take a new application if we change lenders?
- That will be up to each individual lender.
- Q: CD can't be electronically delivered?
- Yes, SPM plans to use electronic delivery so long as the borrower has previously consented to eSign.