

DATE: APRIL 9, 2018
TO: HOMEOWNERS MORTGAGE CUSTOMERS
SUBJECT: TRID SETTLEMENT SERVICE PROVIDER LIST (SSPL) REQUIREMENT

Overview

Under the TILA-RESPA Integrated Disclosure Rule (TRID), federal regulation permits lenders/mortgage brokers to provide borrowers the ability to select which third party service provider they would like to use during the loan transaction for certain services. The rule also permits lenders/mortgage brokers to provide the borrowers a list of Services a borrower may NOT shop for. In both instances, these services must be provided by persons other than the lender/mortgage broker. Below are the requirements pursuant to the TRID rule as well as Towne's policy with regards to the SSPL.

Towne Family of Companies - Corp. Policy

It is the policy of Towne to require all mortgage brokers issuing an LE to provide the Settlement Service Provider List at the same time for services the borrower may shop for. *While Towne would prefer all clients use the model form, it is not required so long as the SSPL provided is compliant with the federal regulation as detailed below.*

A fillable model form that will satisfy Federal law as well as Towne's requirements is attached. The form will be made available under Resources > Forms on TPO Connect.

Requirements of the SSPL

Timing Requirements

If the lender/mortgage broker permits the borrower to shop for a settlement service, the lender/mortgage broker must provide the borrower a written list of service providers within **3 business** days of receiving an application (same time as the initial LE). The borrower then has the ability to select a service provider from that list, or shop around and choose a different service provider.

Format of the SSPL

The rule requires certain information and disclosure requirements for the SSPL. The SSPL must include the following information:

- Must be a separate document and cannot be made part of the Loan Estimate.
- All Fees that the borrower may shop for.
- The name and contact information for at least one available service provider for each fee the borrower may shop for.
- All Fees that the borrower may not shop for, as applicable.
- The name and contact information for at least one available service provider for each fee the borrower may not shop for, as applicable.
- A statement that the borrower may select the listed providers or may shop for their own providers.

Services a Borrower May Shop For

For all services with which the borrower may shop for, the Lender/Broker is required to provide sufficient information to allow the borrower to contact the provider, such as the service provider’s name, address and telephone number. Further, it is important that:

- Any provider listed on the SSPL must be open for business and provides services where the property is located.
- The service providers must correspond to the services disclosed on the initial LE.
- Towne does not require estimated fees to be listed on the SSPL, however, if fees are listed they must correspond with the fees disclosed on the initial LE.
- The word “Title” is required to appear at the beginning of each service related to the issuance of title insurance policies. Examples include, but are not limited to:
 - o Title – closing agent fee, and
 - o Title – closing protection letter fee.

Example of SSPL for Services a Borrower May Shop For:

Additional Details for Services You Can Shop For

To get you started with shopping, this list identifies some providers for the services you can shop for (see Section C on page 2 of your Estimate).

Service Provider List		You can select these providers or shop for your own providers.	
Service	Estimate	Provider We Identified	Contact Information
Title - Courier Messenger Fees	\$35	Schefflin Law Group, PA	6099 Stirling Rd. Orlando, FL 32837 954-862-2262
Title - Settlement Fee	\$595		
Title - Wire Transfer Fee	\$35		
Title - Lender's Title Insurance	\$975	Schefflin Law Group, PA	6099 Stirling Rd. Orlando, FL 32837 954-862-2262
Title - Title Endorsement Fee	\$243		

Services a Borrower May Not Shop For

The lender/mortgage broker may also provide a written list of services the borrower may NOT shop for. These services must be clearly and conspicuously distinguished from the services the borrower is permitted to shop. This may be accomplished by placing the services under different headings (See example below).

Examples of services a lender /mortgage broker might **NOT** permit the borrower to shop for include, but are not limited to:

- Appraisal fee,
- Appraisal management company fee,
- Credit report fee,
- Flood determination fee,
- Government funding fee (such as a VA or USDA guarantee fee),
- Title – lender’s title insurance policy, and
- Upfront mortgage insurance fee.

Example of SSPL for Services a Borrower Cannot Shop For:

Additional Details for Services You Cannot Shop For

Service Provider List		You can only select from these providers for these services.	
Service	Estimate	Provider We Identified	Contact Inform
Appraisal Management Company	\$450	Synergy Appraisal Services	3150 Livernois Troy, MI 48083 888-552-7772

Tolerance Buckets and Disclosure Section for Loan Estimate

If the lender/mortgage broker permits the borrower to shop for a required settlement service(s), whether or not the borrower elects to shop dictates the tolerance threshold set for changes to those fees. Thus, if the borrower does not select a settlement service provider, or selects a settlement service provider identified on the SSPL, then those fees are subject to 10% tolerance. However, if the borrower selects a service provider not list on the SSPL then those fees are no longer subject to any tolerance (or no tolerance). If a Lender/Broker does not allow a borrower to shop for certain fees, then these fees are subject to 0% tolerance.

Additionally, the sections of the Loan Estimate correspond with whether or not the Borrower can shop for services. So, if the borrower does not select a settlement service provider, or selects a settlement service provider identified on the SSPL, then those fees are to be listed in Section B of the LE and CD. Likewise, if a Lender/Broker does not allow a borrower to shop for certain fees, then these fees are to be disclosed in Section B. However, if the borrower selects a service provider not listed on the SSPL then those fees are appropriately disclosed on Section C of the LE and CD.

By working together, we WILL accomplish more! Thank you for your continued support and partnership.

We encourage comments, suggestions, and questions.

Contact your Account Executive or Client Relations Representative and he/she will share with management as appropriate & a timely response will be provided by your account executive or client relations representative.

<https://hmeb2b.mortgagebotlos.com>

The URL for TPO Connect is: <https://connect.homeownersmtg.com>