

Operations Guide

Introduction to Integrated Disclosure Policy Handbook For Third Party Clients



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**NEW FORMS
EFFECTIVE 10/3/2015**

At Loan Application:

GFE + Initial TIL = Loan Estimate (“LE”)

At Closing:

HUD1 + Final TIL = Closing Disclosure (“CD”)

Eliminated Forms

Effective 10/3/2015

Right to Receive Copy of Appraisal (Included in new LE and CD)

RESPA Disclosure (Included in LE)

What is difference from the 2010 RESPA Reform?

2010 RESPA Reform

- Updated GFE Form
- New definition for lender broker fees (All fees are considered an “Origination Charge”)
- New tolerance for fees

2015 CFPB Integrated Disclosure

- New loan estimate (“LE”)
- New closing disclosure (“CD”)
- Return to Lender/Broker Fee Itemization
- New “Good Faith” Standard in quoting fees
- New tolerance for fees
- New delivery timeline
- New closing timeline

Integrated Disclosures Brief Overview of the Loan Estimate (“LE”) and Closing Disclosure (“CD”)

Loan Estimate (LE)

- The *Loan Estimate* provides a lender's written good-faith estimate of settlement costs and loan terms and replaces both the current Good Faith Estimate (GFE) and the initial Truth in Lending (TIL) disclosure.
- It must be provided within 3 business days of the application date.
- It must be provided at least 7 days prior closing.

Closing Disclosure

- The Rule also created the *Closing Disclosure*, a five-page document that itemizes the actual settlement costs and loan terms of a covered loan.
- It replaces both the current HUD-1 Settlement Statement and the final TIL disclosure.
- The *Closing Disclosure* must be received by the borrower at least three business days prior to loan closing.
- The *Closing Disclosure* also includes a comparison of the estimated charges on the *Loan Estimate* to the actual charges at loan closing. There are limits on the amounts that these charges are allowed to increase (*which has changed somewhat from how we currently operate)

Revised Loan Estimates (i.e. when a valid change of circumstance occurs)

- Must be provided within 3 business days of lock, extension or relock regardless of whether or not there were any changes
- Must be provided within 3 business days when there is a valid change of circumstance
- They last revised *Loan Estimate* must be received no later than 4 days prior to closing
- The Revised *Loan Estimate* may not be issued after a *Closing Disclosure* has been provided

What Loans Does This Apply To?

When the Integrated Disclosures Rule applies:

- The Integrated Disclosures Rule applies to closed-end consumer credit transactions secured by real property. A consumer credit transaction is one that is primarily for personal, family or household purposes.
- Construction loans and loans securing vacant land are also included, as well as loans securing 25 acres or more.
- We will require that this be applied to investment properties also

When the Rule does not apply:

- Open-end loans, such as home equity lines of credit (HELOCs),
- Reverse mortgages
- Loans secured by dwellings that are not attached to real property (mobile homes, as an example)
- No-interest, down payment assistance programs for low-to-moderate income borrowers
- Business (not including investment properties), commercial or agricultural loans.

Business Day Definitions

Two different definitions of the term *business day* are used in the Integrated Disclosures Rule.

General Business Day

- Applies to the delivery of the initial or any reissued *Loan Estimate*.
- Defined as any day when the creditor is open for business.

TILA's Rescission Definition of Business Day

- Applies to other instances outside the delivery of the initial or any reissued Loan Estimate
- Defined as ALL calendar days except Sunday's and legal holidays.

**** For all loans disclosed in Towne's name we are substantially open on Saturday's and we will count Saturday for delivery of the initial or any reissued Loan Estimates ****

Note: Legal public holidays are- New Year's Day, Martin Luther King, Jr.'s Birthday, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day.

Definition of Providing a Loan Estimate

- A Loan Estimate can be provided in person, by mail or by electronic means.
- Loan Estimates are considered PROVIDED the day it was provided to the consumer(s) regardless of whether it was provided in person, by mail, fax, email or E-Delivery.

Definition of Receipt of Loan Estimate OR Closing Disclosure

Loan Estimates or Closing Disclosures are considered RECEIVED:

Towne will presume RECEIPT of the disclosures by the consumer(s) THREE business days after the date issued on the disclosure if not otherwise indicated by evidence of alternative documentation supporting earlier receipt as noted below:

- In Person:** Will be considered received by consumer(s) on the day and time they sign and date the disclosure.
- Mail or Fax:** Three business days after it has been placed in the mail or fax, unless evidence of receipt prior to the three business days elapsing is received
- Electronic Delivery or Email:** On the day it can be evidenced that it was viewed per Towne Mortgage's E-Sign Policy. If evidence is not provided it will be considered received three business days after it was sent electronically.
- Overnight Delivery:** Will be considered received by consumer(s) on the date the Consumer(s) sign for receipt of the overnight delivery**must be the CONSUMER signature**

Multiple Applicants on LE's and CD's

Multiple Applicants:

If there are multiple applicants on the loan application, it is only necessary to provide the Loan Estimate and Closing Disclosure to the borrower who will be primarily liable on the loan.

EXCEPTION TO THE RULE:

On Rescindable Transactions - It is required that ANY person who has a right to rescind under TILA (anyone holding title to the property regardless of whether they are on the loan) MUST be given the Closing Disclosure separately.

That means that All Closing Disclosures are required to show evidence that the person NOT on the loan was PROVIDED and/or RECEIVED separately all CD's.

Denied or Withdrawn Loan Applications

Denied or Withdrawn Loan Applications:

If a loan application is denied or withdrawn by the applicant within the three-business-day period after application, it is not required to provide the Loan Estimate.

If the application is later re-opened for approval, it should be treated as a new application. Otherwise, the loan will be out of compliance with disclosure of the Loan Estimate within three business days of the original application date.

We still do not allow new people to be ADDED to an application already taken. The current application should be withdrawn and a new application is to be taken.

Application Definition **(Loan Estimate Triggers)**

A lender is considered to have received an application when it has received the following six pieces of information for the purpose of obtaining an extension of credit:

- The applicant's name
- The applicant's income
- The applicant's social security number
- The property address
- An estimate of the value of the property
- The mortgage amount requested

The above six pieces are considered received regardless of whether or not they are received in writing, electronically or verbally.

Special Information Booklets

The requirement to provide special booklets to mortgage applicants did not change with the Integrated Disclosures Rule; however the document has been updated. The following serve as a reminder of the requirements.

Your Home Loan Tool Kit (updated)

RESPA requires that applicants of purchase loans secured by one-to-four unit residential dwellings receive a settlement costs booklet, Your Home Loan Toolkit within three business days of an application. The booklet is not required for refinances, subordinate liens or reverse mortgages.

* The booklet use to be called Shopping for your Home Loan*

CHARM Booklet

The Consumer Handbook on Adjustable Rate Mortgages (CHARM Booklet) must be provided to applicants of variable rate loans within three business days of application.

Operations

Pre-Qualifications

(i.e. pre-application worksheet, itemized fee worksheet, etc.)

- Prospective applicants may be provided with loan terms, estimated payments and estimated costs specific to that applicant **prior to** issuing a Loan Estimate.
- Any estimate provided to the consumer of terms or costs specific to the consumer provided before a loan application has been received must include the following disclaimer:

Your actual rate, payment and costs could be higher.

Get an official Loan Estimate before choosing a loan.

The disclaimer must appear at the top of the first page and be in 12 point font or larger.

Pre-Disclosure Statement is Required if:	Pre-Disclosure Statement is Not Required if:
<input type="checkbox"/> Creditor provides an estimated monthly payment of a particular loan amount	<input type="checkbox"/> Creditor provides a preprinted list of closing costs common in the area
<input type="checkbox"/> Creditor provides an estimate of closing costs for a transaction	<input type="checkbox"/> Creditor provides a rate sheet
	<input type="checkbox"/> It is a general advertisement, not specific to a particular consumer

Pre-application worksheets are not limited to a certain format or medium and may include email, flyers, etc.

Consult your compliance department if you are unsure if you are providing a pre-application worksheet.

Requesting Verification before Disclosure

Information can be requested from an applicant that is needed in order to issue a *Loan Estimate*; however, it cannot be required that the applicant provide verification documentation as a condition of issuing the disclosure.

Following are examples of this requirement:

Example:

A creditor may ask for the sales price and address of the property but it may not require submission of a purchase agreement to verify the sales price prior to issuing a Loan Estimate.

Example:

A creditor may request account numbers and balances of bank accounts but it may not require that the applicant provide copies of bank statements before it will issue a Loan Estimate.

Please note, a borrower may willingly provide information to support their application from time to time, this is not a violation. Documentation outside of the 6 pieces of information that constitute an application cannot be required to issue a loan estimate.

Walking Through the Loan Estimate

“Good Faith” Estimate of Charges

A “Good Faith” Estimate

- The *Loan Estimate* is a lender's written good faith estimate of closing costs and loan terms. The lender must make these disclosures based on the best information reasonably available at the time the *loan Estimate* is prepared.
- This means that the lender must exercise due diligence in determining that accurate information is given on the disclosure and provide the loan estimate on a good faith basis.

Who Must Provide The Loan Estimate?

The creditor is responsible for providing the Loan Estimate to the applicant.

Creditor Definition: A Creditor is the lender to whom the loan is initially payable to (i.e. who is listed on the note).

- All Transactions in which Towne/AmeriCU will be acting as the “creditor” (i.e. loans closing in our name with our funds) can ONLY BE issued by a Towne/AmeriCU employee ****NEW****
- Towne will NOT issue any Loan Estimates or Redisclosure of Loan Estimates for any loan in which Towne is NOT the creditor.

And When Again must the Loan Estimate Be Provided?

- Remember, the Loan Estimate must be PROVIDED within 3 business days of application
- In TPO transactions, even if the TPO client took the application, the CREDITOR must Provide the Loan Estimate within 3 business days of when the TPO client took the application (not within 3 days of when the creditor received the application from the client)

Intent to Proceed and MDIA

Intent to Proceed

- After the consumer(s) are provided with the Loan Estimate, applicants must indicate an intent to proceed with the loan application.
- The Consumer(s) must Intend to Proceed with the application within 10 business of receiving the loan Estimate
- Towne will continue to require a signed and dated WRITTEN Intent to Proceed from the consumer(s)

Mortgage Disclosure Improvement Act (MDIA)

- Consumers are not allowed to be charged any type of fee, other than a fee for a credit report prior to being provided a Loan Estimate and intending to proceed.
- Towne will continue to require that all Consumer(s) sign a MDIA disclosure stating that they were not charged any fees other than a fee for a credit report prior to receiving a Loan Estimate and Intending to proceed

Note: Towne will have sample disclosures posted on our website; however, similar forms are acceptable as long as they contain all of the same information found on our form. *** For loans where we are providing the LE to the consumer, we will send both of these disclosures with the Initial LE ***

What is the definition of “Can’t Be Charged”

An applicant must receive a *Loan Estimate* and indicate an intent to proceed with the loan application before a creditor may charge any type of fee, other than a fee for a credit report. **A fee is considered charged if the applicant is required to provide a method of payment, even if the payment is not made at that time.**

Examples of unacceptable practices:

- Holding a Check:** Requiring that an applicant provide a check that will not be cashed until after the Loan Estimate is delivered and the applicant expresses intent to proceed.
- Holding a Credit Card Number:** Collecting a credit card number and promising not to charge any amount on the card for fees other than a credit report before the applicant receives the *Loan Estimate* and expresses intent to proceed
- Multiple Charges:** Charging a credit report on an applicant's credit card and later charging the credit card for an appraisal, after the applicant receives the *Loan Estimate* and expresses intent to proceed.

In this case, a separate authorization should be obtained to charge the appraisal on the credit card, and this authorization must be received and dated after the date the applicant receives the *loan Estimate* and expresses intent to proceed.

Operations

****For Loans where we are issuing the LE, in order for you to charge the consumer an appraisal fee when you order the appraisal, you must include the signed Intent to Proceed with the Appraisal Order****

Loan Estimate and Tolerances

Increases to Charges on the Loan Estimate

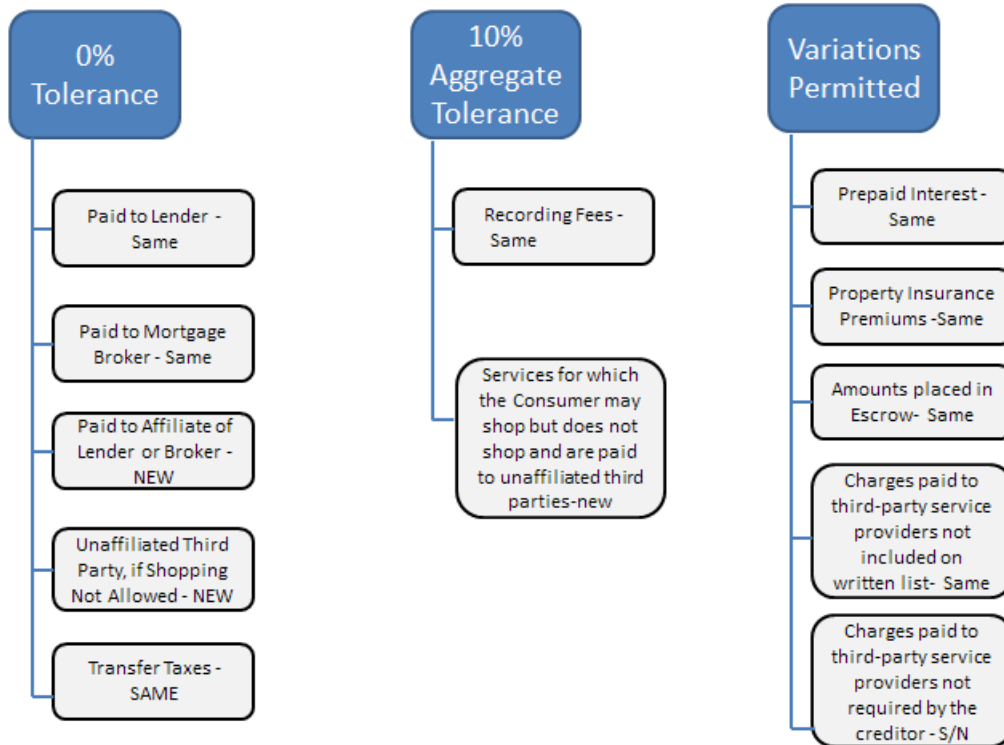
Tolerance Levels for Increases

- A lender is obligated to make a good faith estimate of closing costs and loan terms on the Loan Estimate based on the best information reasonably available at the time it is prepared.
- From the time when the Loan Estimate is first provided to the time of closing there is the potential for changes to the loan transaction resulting in cost increases. The Integrated Disclosures Rule allows certain tolerance levels for increases in the disclosed settlement charges.

These levels are generalized into three categories:

- Zero tolerance for increase
- No more than 10% of the total of certain charges
- No restriction on increase

Tolerances- A quick view



Tolerances - A deeper look...

0% tolerance – Fees that CANNOT Increase

(without a valid reason)

- Lender's retained fees – i.e. origination charge, lock-in fee, application fee, processing fee, document preparation, etc.
- Broker Compensation (consumer paid). Lender paid broker compensation is not reflected on the LE-which is new
- Service paid to an affiliate of lender or broker that the consumer CAN shop for. **This is a change – This is currently a 10% tolerance item**
- Services the consumer is not permitted to shop for that are paid to an unaffiliated third party (i.e., appraisal, credit, tax service, UFMIP, Funding Fee, Guarantee Fee, etc.) **This is a change – This is currently a 10% tolerance item**
- Transfer Taxes**

Fees that CAN Increase by 10%

- Recording Fees
- Taxes and fees paid to a municipality other than transfer taxes
- Service provided by an unaffiliated service provider that the consumer CAN shop for when the consumer selects from lender's list (i.e. pest inspection, roof inspection, consultant fee, etc.)

Fees that CAN Change:

- Prepaid Interest
- Property Insurance premiums
- Amounts placed into escrow (impound) accounts
- Service provided by an unaffiliated third party that the consumer CAN shop for when the consumer does NOT select from lender's list
- Services not required by the lender (ex. Borrower-paid realtor commissions, property inspections not required by lender, borrower's closing attorney)- same/new (ie: Owners Title)

Settlement Service Provider List (SSPL)

The regulation provides certain tolerances for increases in charges when an applicant is allowed to shop for third party settlement service providers. These fees are included in the 10% tolerance category. **Borrowers must be provided with a list of settlement service providers for each service for which they are allowed to shop. The list must:**

- Be provided with the initial Loan Estimate and must be signed by the consumer(s) if signature lines on Form
- A minimum of one vendor name for each service for which the borrower(s) may shop must be listed. Additional vendors may be listed.
- The address and phone number of each vendor must be listed.
- An estimate for the cost of each specific service from a vendor must be listed (if fee columns on form) and match the corresponding fee on the Loan Estimate. For example: Title fees must be broken down by Insurance Binder, Lender's Title Policy, Settlement Agent Fee, Title Search, etc. Not presented as a lump sum fee.
- Any fee for which a corresponding settlement service provider is not listed will be subject to a zero tolerance/variation regardless of whether it is listed on the Loan Estimate as a Fee that the consumer may shop for.
- If any portion of the settlement service provider list is incomplete or inaccurate any fees associated with the incomplete or inaccurate portion will be subject to zero tolerance/variation.
- Additional Settlement Service Provider Lists may be provided only in circumstances when a fee was not known at the time of the initial disclosure and those fees are for a service for which the borrower is allowed to shop.

The following is a list of examples that the consumer may shop for:

- All Title Services(including closing fees, recording servicing fees, etc..) and both lenders and owners title insurance fees
- Survey Fees
- Consultant Fees
- Pest and Well Inspections
- Structural Inspections and/or other required inspections
- Any other fee in which is NOT prohibited from being shoppable

Disclosure of “Other” Charges NOT required by the Lender

- ❑ Estimates must include **all** charges the consumer is expected to pay
 - ❑ **Example** – If consumer informs lender that he will be obtaining an inspection the lender does not require (ex. home inspection), the lender is required to disclose that fee and estimated cost on the LE.
 - ❑ **Example** – If property is located in jurisdiction in which a consumer is typically represented by counsel, the lender is required to disclose that fee and estimated cost on the LE.
 - ❑ **Example** – A consumer is likely to purchase Owners Title Policy and therefore the lender should disclose the Owners Premium in this section ****new as it now a fee that can change***
 - ❑ **Example** – If the sales contract calls for the borrower to pay for repairs at or before closing the estimated cost of the repairs must be reflected on the LE.
 - ❑ Fees not required by the lender have no tolerance but *estimates must still be provided based on the best information available.*

**** When disclosing these fees, you must identify them on the LE as “optional” since they are not required by the lender****

Examples:

Title-Owners Title Policy (Optional)

Home Inspection (Optional)

Lender Credits

Cannot decrease from the Loan Estimate to the Closing Disclosure

- ❑ **Exception:** Interest rate related credits can decrease with a corresponding decrease in the interest rate.
- ❑ Lender credits are now disclosed only in the Total Closing Cost Section of the LE
- ❑ Lender credits are no longer reflected in the origination charge section.

Tolerances (Recap)

Increases Subject to Zero Tolerance

The following charges are those that may not increase from the estimated amount unless there is valid a changed circumstance:

1. **Fees and charges paid to the creditor, broker, or an affiliate of either**
 - Examples of these charges include an origination fee, processing fee, underwriting fee and loan-level pricing adjustments that are not built into the interest rate
2. **Fees paid to an unaffiliated third party if the creditor did not permit the applicant to shop for the provider**
 - Examples of fees that may be in this category include appraisal, credit report, and flood certification and lender's title insurance (**NOTE: Lenders Title Insurance must be disclosed and charged as the full premium and NOT the discounted rate based on a simultaneous issue charge)
3. **Transfer taxes**

Increases Subject to a 10% Cumulative Tolerance

The cumulative, total sum of all charges in this category may not increase by more than 10%. These charges include:

1. **Recording fees**
2. **Charges for settlement services required by the creditor for which the borrower is allowed to shop, provided that the provider is not affiliated with the creditor and the borrower either:**
 - Did not choose the provider, or
 - Chose a provider on the creditor's written list of providers

The borrower must be given a written list of providers for each fee that is considered in #2 above.

Charges with No Restriction on Increase

The following charges may exceed the amount disclosed on the Loan Estimate without restriction as long as they were originally disclosed in good faith:

- Prepaid interest
- Hazard insurance premium
- Prepaid escrow amounts
- Charges where the applicant was permitted to shop for the provider and chose one that was not on the creditor's written list of settlement service providers
- Charges to third parties that were not required by the creditor or broker

NOTE: Although charges in the "no restriction" category have flexibility, the *Loan Estimate* should reflect due diligence by the creditor or broker in estimating these charges.

As an example, if a loan originator knows that hazard insurance will be required but fails to estimate a charge for this insurance on the *Loan Estimate*, the lender is not in compliance.

Another example is a loan originator who knows that a loan will close on the 15th of the month but only estimates one day of prepaid interest instead of the amount that will most likely be charged. That loan originator is not in compliance with the regulation.

Changed Circumstance & Reissuance of a Loan Estimate

- ❑ There may be instances where the Loan Estimate will be reissued after the initial disclosure. A Loan Estimate may not be reissued to correct technical errors, miscalculations or underestimations of charges.
- ❑ The Loan Estimate may be reissued due to certain valid changed circumstances or events. Only actual increases related to the reason for the revision may be included on a reissued Loan Estimate.
- ❑ *Charges in the 10% tolerance category may warrant revision of the Loan Estimate only when the cumulative sum of the charges that are changed increases by more than the 10% tolerance. *

Events Triggering Reissuance of the Loan Estimate (Change of Circumstance)

An extraordinary event beyond the control of the Company, the consumer, or other parties, or other unexpected event specific to the consumer or transaction.

1. **The consumer's eligibility** for the terms for which they applied or the value for the security of the loan has changed.
2. **Information specific to the consumer or transaction** that the Company relied upon when providing the Loan Estimate and that was inaccurate or changed.
3. **New information specific to the consumer or transaction** that the Company did not have when it provided the Loan Estimate.
4. **Rate lock:** Where the consumer's interest rate was floating when the Loan Estimate was provided, or the rate lock expired, and the locking or re-locking of the interest rate changes the interest rate, or the interest rate-dependent charges, such as the points or lender credits.
5. **Borrower-requested change:** Where the consumer requests a change to the loan terms or otherwise to the transaction that causes an estimated charge to increase.
6. **Expired closing costs:** Where the intent to proceed is received by the Company more than 10 business days after the original Loan Estimate was provided. No further justification is required for this type of change to the original loan estimate.

IMPORTANT NOTE: Decreases in lender credits are treated the same as an increase to a fee and triggers the need to reissue a Loan Estimate.

Timing of a Revised Loan Estimate

- ❑ The Company requires the reason for any change to be recorded and all documentation retained, evidencing such change. In the event of a changed circumstance or borrower-requested change, the Company provides the revised Loan Estimate within 3 business days of the Company learning of the change.

Delivery of a Reissued Loan Estimate in Relationship to the Closing Disclosure

Any reissued Loan Estimate must be provided in person or mailed (including electronic delivery) so that the borrower **receives** it no later than four business days prior to closing, or at least one day prior to issuing a Closing Disclosure (a Closing Disclosure must be received by the borrower at least three days prior to closing).

Changed Circumstance Examples

Example 1:

A loan amount increases as the result of a reduced down payment. The origination fee charged by the creditor increases since it is based on a percentage of the loan amount.

This is allowable based on: Information specific to the consumer or transaction that the Company relied upon when providing the Loan Estimate and that was inaccurate or changed.

Example 2:

A fee for a survey required by the lender is higher than expected when it is determined that unanticipated additional work by the surveyor must be done. In this example the borrower was allowed to shop for the surveyor and chose one from the lender's written list of providers. This is considered a valid changed circumstance; however, if the additional expense does not increase the sum of all fees in this category by more than 10%, no reissuance of the Loan Estimate is warranted and therefore a loan estimate is NOT reissued.

Example 3:

Let's assume that on the same loan as shown in Example 2, the title company finds that it must perform additional work to release an undisclosed lien on the property. If this additional charge along with the increased survey fee causes the sum of all fees in this category to increase beyond 10%, a Loan Estimate may be reissued.

This is allowable based on: New information specific to the consumer or transaction that the Company did not have when it provided the Loan Estimate

Example 4:

An applicant applies for a streamlined refinance under a loan program that does not require an appraisal but does require that the borrower have no late payments on the existing mortgage. The credit report that the loan originator reviewed prior to issuing the Loan Estimate did not show any late payments in the last 12 months. However, the underwriter later discovered that the applicant had late payments on the mortgage in the last 18 months, making the borrower ineligible for this loan program.

The borrower does qualify for another loan program without this restriction but the new loan program requires an appraisal and the loan originator reissues the Loan Estimate including this charge.

This is allowable based on: The consumer's eligibility for the terms for which they applied or the value for the security of the loan has changed.

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Example 5:

After a Loan Estimate was issued the borrower decided to grant a power of attorney to a family member to execute the mortgage documents on the borrower's behalf. The fee for recording the power of attorney document may be included on a reissued Loan Estimate (as long as the fee exceeds the

Tolerance threshold)

This is allowable based on: New information specific to the consumer or transaction that the Company did not have when it provided the Loan Estimate

Example 6:

A loan estimate was issued with a \$300 title company closing fee. 12 business days after the initial Loan Estimate was issued the borrower indicates their intent to proceed. It is discovered that the title company closing fee is now \$500. A revised Loan Estimate may be issued without documenting the reason for the increase in the fee.

This is allowable based on: Expired closing costs: Where the intent to proceed is received by the Company more than 10 business days after the original Loan Estimate was provided. No further justification is required for this type of change to the original loan estimate.

Charges for Services Actually Provided

- ❑ When comparing the actual charges and the estimated charges to check the tolerance percentage, a creditor may only include charges for services actually performed.
- ❑ For example, if you originally estimated a charge on the Loan Estimate that falls in the 10% tolerance category but the fee was not actually charged, it should be removed from the aggregate amount of the estimated charges BEFORE calculating the tolerance.

**** What does this mean?** Don't put generic third party services on every loan. The Loan Estimate must be given in "Good Faith" and ONLY include those fees that you reasonably know will apply. (FHA consultant fees should not be put on all FHA loans, only FHA 203k loans where you intend to do a FULL 203k Loan and not a Streamline 203k)

The Closing Disclosure & Waiting Periods

Delivery of the Closing Disclosure (CD):

The *Closing Disclosure* itemizes the actual terms and costs of a loan and compares them to the estimates provided on the *Loan Estimate*. It must be received by the borrower no less than three business days prior to loan closing.

A closing disclosure can be delivered in person, by mail, or by electronic means. Towne will presume receipt of the disclosures by the consumer(s) THREE business days after the date issued on the disclosure if not otherwise indicated by evidence of alternative documentation supporting earlier receipt as noted below:

- ❑ **In Person:** Will be considered received by the consumer(s) on the day and time they sign and date the disclosure
- ❑ **Mail or Fax:** Three business days after it has been placed in the mail or faxed unless evidence of receipt prior to the three business days elapsing is received
- ❑ **Electronic Delivery or Email:** On the day it can be evidenced that it was viewed per Towne Mortgage's E-Sign Policy, if evidence is not provided it will be considered deliver three business days after it was sent electronically
- ❑ **Overnight Delivery:** Will be received by consumer(s) on the date the Consumer sign for receipt of overnight delivery ****must be the consumer signature****

Multiple Applicants:

If there are multiple applicants on the loan application, it will be considered delivered based on one of the primary borrowers receiving it in one of the above mentioned methods.

Note: In a rescindable transaction the Closing Disclosure must be provided separately to each consumer who has the right to rescind under TILA, including anyone holding title to the property.

No fee may be charged by any party for preparing or delivering the *Closing Disclosure*.

Settlement Agent Responsibilities

For all loan that are prepared by and/or closed in Towne/AmeriCU's name, Towne/AmeriCU will be preparing and providing all of the closing disclosures to the borrower(s)

Seller's Closing Disclosure

The settlement agent is responsible for providing the *Closing Disclosure* to the seller no later than the day of closing.

The seller may receive a *Closing Disclosure* with only the seller's information or with both the borrower's and seller's information. If the seller's information is on a separate *Closing Disclosure* the settlement agent is obligated to provide a copy to the creditor.

Correction & Redisclosure of the Closing Disclosure

- If a change or correction is needed after the borrower has already received the *Closing Disclosure* a corrected *Closing Disclosure* must be provided **at or prior to** closing.
- The borrower has the right to inspect the revised disclosure one business day prior to closing; however, a new three-day waiting period will apply only 3 scenarios.
- In these instances the creditor must ensure that the borrower has **received** the *revised* disclosure at least three business days prior to closing.
- APR Becomes Inaccurate**-The annual percentage rate (APR) becomes inaccurate when the actual APR is greater than the disclosed APR by more than:
 - 1/8 of one percent in a regular transaction, or
 - 1/4 of one percent in an irregular transaction

An irregular transaction under TILA has one or more of the following features: multiple advances, irregular payment periods or irregular payment amounts (other than an irregular first period or an irregular first or final period). An n adjustable rate mortgage is an example of an irregular loan.

- Change in Loan Product**- A change is made in loan product such as:
 - Fixed rate, adjustable rate, step rate terms
 - Product features such as negative amortization, interest only or balloon payments
 - Conventional to FHA, etc.
- Prepayment Penalty** is added

Post-Closing Corrections

If an event occurs within 30 calendar days of settlement that causes the *Closing Disclosure* to be inaccurate and results in a change to the amount actually paid by the borrower the creditor must deliver a corrected *Closing Disclosure* within 30 calendar days of discovering the change.

- ❑ Non-numeric Clerical Errors-A borrower must receive a corrected *Closing Disclosure* within 60 calendar days after closing for non-numeric, clerical errors that do not affect any disclosure requirements.
- ❑ Tolerance Cures-Refunds that must be made to a borrower to correct tolerance violations must be made and a corrected Closing Disclosure delivered or placed in the mail within 60 calendar days after closing.
- ❑ Corrections to Seller's Costs-The same timing requirements for post-closing corrections also apply for seller corrections. However, if the correction is only related to a seller's information or costs, re-disclosure need not also be made to the borrower.
 - Only inaccuracies that result in a change to the amount actually paid to the seller need be corrected and disclosed.

Signature Requirements for the Closing Disclosure

- ❑ Towne will require that there is evidence of receipt of all Closing Disclosures within the loan file
- ❑ Towne requires that the Closing Disclosure that is provided at closing is signed by all appropriate parties

(Refer to definition of RECEIPT earlier in handbook)

Operations

Timeline & Waiting Periods

Initial LE Provided to Consumer	7 days	Earliest Closing, Signing Date
Monday	Tuesday, Wednesday, Thursday, Friday, Saturday, Monday, Tuesday	The following Tuesday
Tuesday	Wednesday, Thursday, Friday, Saturday, Monday, Tuesday, Wednesday	The following Wednesday
Wednesday	Thursday, Friday, Saturday, Monday, Tuesday, Wednesday, Thursday	The following Thursday
Thursday	Friday, Saturday, Monday, Tuesday, Wednesday, Thursday, Friday	The following Friday
Friday	Saturday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday	The following Monday ¹
Saturday	Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, Monday	The following Monday

NOTE: This does not consider any intervening federal holidays.

¹ Saturday is not eligible as a closing/signing day

Operations

Calendar Example of Reissuing a Loan Estimate/Issuing a Closing Disclosure

Below is an example of the timing requirements for reissuing a Loan Estimate in combination with the timing requirements for issuing a Closing Disclosure. This assumes the borrowers consent to receive electronic delivery of documents.

Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Sa
	Application is taken		Loan Estimate is electronically sent to applicant	Loan Estimate is acknowledged as received by applicant		
Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Sa
				Loan can close on the seventh business day (from the date the Loan Estimate was provided)		
Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Sa
	Creditor learns of a change in circumstance			Creditor must provide a revised Loan Estimate within three business days of the change. Electronically delivered.	Borrower acknowledges receipt of revised Loan Estimate (must be received one day prior to the Closing Disclosure)	
Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Sa
	Closing Disclosure is electronically sent.	Borrower(s) acknowledges receipt of the Closing Disclosure			Closing can occur three business days after the borrower received the Closing Disclosure.	

Operations

Calendar Example Showing Multiple Triggering Events

Below is an example where more than one triggering event occurs that may prompt reissuance of a Loan Estimate. This assumes the borrowers consent to receive electronic delivery of documents.

Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Sa
	Application is taken		Loan Estimate is electronically sent to applicant	Loan Estimate is acknowledged as received by applicant		
Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Sa
		Creditor learns of a change in circumstance increase to an item in the 10% tolerance category. The change is not > 10% (5%). No new Loan Estimate is delivered.		Loan can close on the seventh business day (from the date the Loan Estimate was provided)		
Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Sa
	Creditor learns of a change in circumstance increase to a charge in the 10% tolerance category, new total is 11%. A revised Loan Estimate is issued.			Creditor must provide a revised Loan Estimate within three business days of the change. Electronically delivered.	Borrower acknowledges receipt of revised Loan Estimate (must be received one day prior to the Closing Disclosure)	
Sun	Monday	Tuesday	Wednesday	Thursday	Friday	Sa
	Closing Disclosure is electronically sent.	Borrower(s) acknowledges receipt of the Closing Disclosure			Closing can occur three business days after the borrower received the Closing Disclosure.	

Requesting a Loan Estimate from Towne/AmeriCU

- ❑ Initial Loan Estimate Request
 - Request must be delivered within 24 hours of application date
 - Must upload the completed 1003 to Image flow to evidence date of application
 - Loan must be either registered and/or locked as borrower or lender paid
 - Provide a Fee Worksheet or submit fees in other manner
 - **MUST** provide a Service Provider for any shoppable item to include Name, phone and address and estimate of cost (*Exception is title. Towne will use as First American as the Service Provider for all Title Fees)
 - Must provide quote for PMI if applicable
 - Must email the request to trid@townemortgage.com or trid@americu.com

Towne Responsibilities for Issuing an Initial Loan Estimate

- ❑ We will complete a Loan Estimate and Service Provider Form (We will always include an Owner's Policy, Home Warranty, Transfer taxes (if borrower responsible) and Real Estate Transaction fee on all Purchase Transactions regardless of whether or not requested by TPO client)
- ❑ We will deliver the LE, SPF, Booklets, MDIA and Intent to Proceed to Customer via the means requested and will copy the requestor

Responsibility will remain on TPO client to ensure consumer signs all required disclosures and that the disclosures are submitted to Towne.

Requesting a Change of Circumstance

- TPO clients are responsible to request a COC for any changes within 1 business of learning of the change so that Towne can issue a revised LE within 3 business days. (Float to lock, relock, rate extension, valid COC, etc.)
- **ALL** changes (including those changes that do not immediately cause the 10% bucket to increase by 10%)**MUST** be submitted to the Disclosure Desk
- Disclosure desk will either Re-Issue a LE or will advise why a revised LE is not eligible to be issued