

TRID OVERVIEW

The **TILA-RESPA Rule (TRID)** consolidates four existing disclosures required under TILA and RESPA into two forms, a Loan Estimate (LE) and a Closing Disclosure (CD). The TILA-RESPA rule applies to most closed-end consumer credit transactions secured by real property (including vacant land and construction-only transactions). Provident will require TRID disclosures on all loans including investment property transactions.

Effective with applications accepted on or after **October 3, 2015**, the lender is required to provide the consumer with good-faith estimates of credit costs and transaction terms on the **Loan Estimate (LE)** and use the new **Closing Disclosure (CD)**, which must be received no later than 3 business days prior to consummation. For applications accepted prior to October 3, 2015, the old forms (GFE, Initial and Final TIL and HUD-1) must be used.

BUSINESS CHANNEL

BROKER

Provident Bank Mortgage provides the Broker the option of issuing the Loan Estimate or having the Loan Estimate issued by Provident Bank Mortgage. NOTE: A TBD/Advanced Lock will require the Loan Estimate to be issued by Provident Bank Mortgage since the six items needed to establish an application would have been obtained.

PBM to issue LOAN ESTIMATE

- ✓ Broker to register the loan in Provident’s Wholesale Portal;
- ✓ Broker to upload basic items within 48 hours of receipt of loan application;
 - Initial 1003 signed and dated by Loan Officer;
 - Fee Worksheet, Credit Report and Borrower Authorization;
 - Completed Anti-Steering and Housing Counseling Notice; and
 - Provident Submission Form
 - If using e-delivery, broker to obtain email address and security information.
- ✓ Provident will complete the Loan Estimate and deliver initial disclosure package.
- ✓ Broker to deliver completed credit package within 10 days of Loan Estimate.

BROKER issued LOAN ESTIMATE

- ✓ Broker to register the loan in Provident’s Wholesale Portal;
- ✓ Loan Estimate to be delivered within required timeframe without the designation of a Lender or Loan Number;
- ✓ Broker to upload entire credit package, including:
 - Initial 1003 signed and dated by Loan Officer;
 - Fee Worksheet, Credit Report and Borrower Authorization;
 - Completed Anti-Steering and Housing Counseling Notice;
 - Provident Submission Form
 - Asset, Income and Program documentation per AUS finding and detailed submission Checklist.

CORRESPONDENT

- All versions of the Loan Estimate and Closing Disclosure must indicate the name of the Correspondent as the Lender;
- The Correspondent is responsible for the proper completion of the LE and CD and are representing to Provident Bank Mortgage that they have fully complied with the rule;
- The Correspondent is responsible for maintaining and providing evidence of compliance with all areas of the rule (timing/delivery requirements, intent to proceed, change of circumstance, etc.);
- Correspondent ensures processes are in place to provide evidence of the consumer’s receipt if not relying on the three business day presumption (“mailbox rule”);
- Use of e-delivery must be prior approved by Provident Bank Mortgage;
- PBM will not purchase loans where the consumer has waived any of the required wait periods as defined by the rule (initial seven day LE, three day CD prior to consummation).

LOAN ESTIMATE	
LOAN APPLICATION	<p>An application is the receipt of six pieces of information:</p> <ul style="list-style-type: none"> • The consumer's name; • The consumer's income; • Consumer's Social Security number; • The property address; • Estimated property value; • Loan amount sought <p>Once you have the six items you must provide a Loan Estimate.</p>
APPLICATION DATE	An accurate application date is needed to determine timing requirements. This date will be utilized to monitor compliance with disclosure timing requirements.
BUSINESS DAY – GENERAL	<ul style="list-style-type: none"> • A business is a day on which the lender's offices are open to the public for carrying out substantially all of its business functions. The General Business Day count is used for the purposes of providing the Loan Estimate, Expiration of the Loan Estimate and any LE revision. PBM is open Monday – Friday. • Refer to TRID timing requirement for an overview of other events and day counts.
DISCLOSURE TIMING REQUIREMENTS	<ul style="list-style-type: none"> • The initial LE must be provided within three business days of the application date. • The initial LE must be provided no less than seven business days prior to consummation. • A revised LE must be provided within three business days of Lock Date. • A revised LE must be provided within three business days when there is a valid changed circumstance. • The last revised LE must be provided no later than four business days prior to consummation. • LE must not be provided after the CD has been provided to the consumer.
VERIFICATION / DOCUMENTATION	A lender is prohibited from requiring the consumer submit documents verifying information relating to the consumer's application until the LE has been provided.
INTENT TO PROCEED	The lender is responsible for evidence of compliance for intent to proceed. Lenders should ensure they have processes in place to document the consumer's intent to proceed.
IMPOSING FEES	A lender or other party may not impose a fee (other than for a credit report) until the consumer has received the LE and has indicated intent to proceed with the transaction.
LE SIGNATURE REQUIREMENTS	The loan estimate is not required to be signed by the consumer, unless the signature is being used to provide evidence of consumer receipt (see mailbox rule)
SERVICE PROVIDER LIST	Lenders must provide a list of services for which the consumer may or may not shop and identify at least one provider for each service. Lenders must include a copy of the written list of services/providers in the Loan file to Provident Bank Mortgage.
GOOD FAITH	The Loan Estimate must contain a good faith estimate of credit costs and transaction terms based on the best information reasonable available at the time the disclosure is provided to the consumer, and use due diligence in obtaining this information.
RECORD RETENTION – LOAN ESTIMATE	Under the rule, each completed LE and any related documents must be retained for three years .
LE FORM COMPLETION – TIPS	<ul style="list-style-type: none"> • DISCOUNT POINTS – Points paid to the lender to reduce the interest rate must be disclosed as a separate line item on page two "Origination Charges", labeled: " ___% of Loan Amount • LLPA'S – A charge imposed to pay for a Loan level pricing adjustment (LLPA) assessed on the lender, which is passed on to the consumer as a charge at consummation (rather than an adjustment to the interest rate), must be separately itemized. • TRANSFER TAXES - Disclose only Transfer Taxes paid by the consumer on the LE. Transfer taxes to be paid by the seller are not disclosed on the LE as transfer taxes. • OPTIONAL OWNERS POLICY - TRID rules require the disclosure of the full premium rate for Lender's Title Insurance (without any discount for simultaneous issuance of owner's coverage). If the lender does not require the purchase of owner's coverage, it is listed as (optional) and may increase by any amount (no tolerance).

PURPOSE FIELD	<table border="1"> <thead> <tr> <th data-bbox="613 254 870 285">Purpose field</th> <th data-bbox="878 254 1477 285">Definition</th> </tr> </thead> <tbody> <tr> <td data-bbox="613 285 870 317">Purchase</td> <td data-bbox="878 285 1477 317">Loan for the acquisition of property</td> </tr> <tr> <td data-bbox="613 317 870 348">Refinance</td> <td data-bbox="878 317 1477 348">Loan to pay off an existing lien</td> </tr> <tr> <td data-bbox="613 348 870 380">Home Equity</td> <td data-bbox="878 348 1477 380">If the property was free and clear</td> </tr> <tr> <td data-bbox="613 380 870 436">Construction</td> <td data-bbox="878 380 1477 436">Loan is for financing either initial and/or permanent phase of new construction</td> </tr> </tbody> </table>	Purpose field	Definition	Purchase	Loan for the acquisition of property	Refinance	Loan to pay off an existing lien	Home Equity	If the property was free and clear	Construction	Loan is for financing either initial and/or permanent phase of new construction
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Loan Cost – A. Origination Charges /Loan Compensation	Only items paid directly by the consumer to compensate a loan originator are Origination Charges (borrower-paid compensation). Do not disclose compensation to a loan originator (i.e. Broker) paid indirectly by a lender. Include items that will be paid to the lender for originating and extending credit (origination fees that are not to reduce the interest rate).										
Loan Cost – B. Services You Cannot Shop For	Are items provided by persons other than the lender or mortgage broker that the consumer cannot shop for and will pay for at settlement – including: Appraisal fee, Credit Report fee, Flood Determination, Tax Service, HOA certification fee, subordination fee, government funding fee.										
Loan Cost – C. Services You Can Shop For	Are items provided by persons other than the lender or mortgage broker that the consumer can shop for and will pay for at settlement – including: Pest Inspection fee, Title- Closing agent fee and Title Insurance										
TOLERANCE CATEGORIES	<p>Costs that cannot increase from LE to Closing Disclosure – ZERO tolerance:</p> <ul style="list-style-type: none"> • Fees paid to the lender or mortgage broker • Fees paid to an affiliate of lender or mortgage broker • Transfer taxes • Fees paid to an unaffiliated third party <i>if the lender did not permit the consumer to shop</i> for the third party (fees such as appraisal and credit) • Services required by lender for which the lender permits a consumer to shop. But fails to provide a written list of providers or does not include this specific service on the written list. • Lender Credit <p>Costs that can increase in the aggregate up to 10%:</p> <ul style="list-style-type: none"> • Recording fees paid to government entities • Charges for third-party service where: <ul style="list-style-type: none"> ○ The charge is not paid to the lender or the lender’s affiliate; ○ The consumer is permitted by the lender to shop for the third-party service, and the consumer either does not choose a provider, or chooses a third-party service provider on the lender’s written list of service providers. <p>Costs that can increase in any amount:</p> <ul style="list-style-type: none"> • Prepaid interest • Property insurance premiums • Amounts paid into escrow • Charges paid to third-party service providers selected by the consumer that are not on the lender’s written list <ul style="list-style-type: none"> • Charges paid for third-party services not required by the lender (may be paid to affiliate of the lender). Such as: Home Inspection and Termite Reports from the purchase contract. 										
TYPES OF CHANGED CIRCUMSTANCES	<p>Lenders are generally bound by the Loan Estimate provided within three business days of the application, and may not issue revisions to the Loan Estimate if they later discover miscalculations , or underestimation of charges. Lenders are permitted to provide a revised Loan Estimate only in certain specific circumstances:</p> <p>Types of changed circumstances:</p> <ul style="list-style-type: none"> • Changed circumstances causing settlement charges to increase by more than allowable tolerance; 										

	<ul style="list-style-type: none"> • Changed circumstances affecting eligibility • Borrower requested changes • Rate not locked when LE was provided • Expiration of the LE (10 business days) with no intent to proceed • Delayed settlement date on a construction- perm loan if notice is provided
TRIGGERS FOR CHANGE OF CIRCUMSTANCE	<p>A valid changed circumstance allows increasing a fee paid to the lender, mortgage broker or affiliate of either, a fee for which the consumer is not permitted to shop or transfer taxes (“zero tolerance fees”) by any amount:</p> <ul style="list-style-type: none"> • Valid changed circumstance(s) increasing the <u>sum</u> of fees for charges the consumer is permitted to shop for or recording fees (“10% tolerance fees”) by more than 10%; • Locking in the loan’s interest rate; • Expiration of LE with no intent to proceed; • Permanent financing of construction loan more than 60 calendar days after original LE w/ construction loan disclosure (if notice is provided to consumer)
CLOSING DISCLOSURE	
PARTY RESPONSIBLE FOR COMPLETION	The lender is responsible, but the lender and settlement agent may agree to divide responsibilities. The settlement agent will prepare the closing statement for the seller.
BUSINESS DAY – PRECISE	<ul style="list-style-type: none"> • A business day means all calendar days except Sundays and legal public holidays. • Refer to TRID timing requirement for an overview of other events and day counts.
DISCLOSURE TIMING REQUIREMENTS	<ul style="list-style-type: none"> • Received by borrower no later than 3 business days prior to consummation • Cannot be received by borrower on the same day as a revised LE • If delivering the CD by means other than in person, (including electronic delivery) the disclosure is considered to be received 3 business days after placing in the mail (“mailbox rule”) unless lender receives proof of receipt
CD SIGNATURE	PBM requires final disclosures, including the CD, to be signed and dated at closing by all applicable parties. For rescindable transactions, the CD must be given to each consumer who has the right to rescind, within required timeframes.
CD REFLECTS TERMS OF NOTE	Information disclosed in the Projected Payments Table, Loan Amount, Interest Rate and Principal & Interest (1 st column) must accurately reflect the terms of the note.
SUBSEQUENT CHANGES TO CLOSING DISCLOSURE	<p>Changes <u>before consummation</u> requiring a revised CD <u>AND</u> new 3-business day waiting period:</p> <ul style="list-style-type: none"> • The disclosed APR is found to be “inaccurate” • The loan product changes (such as fixed to ARM or addition of I/O feature) • A prepayment penalty provision is added <p>Changes <u>before consummation</u> requiring revised CD at or before consummation but <u>NO</u> new waiting period:</p> <ul style="list-style-type: none"> • Any change other than those described above • Revised CD must be available day before consummation if requested by consumer <p>Changes <u>following consummation</u> requiring revised CD:</p> <ul style="list-style-type: none"> • Events that cause a change to the amount paid by the consumer within 30 calendar days of consummation <ul style="list-style-type: none"> ○ Revised CD is required within 30 calendar days of receipt of change information • Non-numeric clerical errors <ul style="list-style-type: none"> ○ Revised CD required within 60 calendar days of consummation
CLOSING DATE FIELD	Consummation is the day the consumer becomes financially obligated (loan signing). PBM will consider the later of the Note Date, or Security Instrument Notary Date. This date is reflected as the Closing Date on the CD.

TOLERANCE CURES	<p>Not deemed a violation of Reg. Z if:</p> <ul style="list-style-type: none"> • A revised CD is provided • Amount is refunded to consumer • No later than 60 calendar days following consummation 						
RECORD RETENTION – CLOSING DISCLOSURE	<p>Under the rule, each completed CD and any related documents must be retained for five years after consummation by the lender.</p>						
DELIVERY/RECEIPT							
MAILBOX RULE	<p>The mail box rule states “If the notice is not provided to the consumer in person, the consumer is considered to have received the disclosure three business days after they are delivered or placed in the mail”. This rule is used for the LE and CD, if delivery is not otherwise indicated by evidence of alternative documentation supporting earlier receipt.</p> <table border="1" data-bbox="708 684 1474 1100"> <tr> <td data-bbox="708 684 980 779">Hand Delivery</td> <td data-bbox="980 684 1474 779">Hand-delivered disclosures are considered received by consumer on the date they sign and date the disclosure.</td> </tr> <tr> <td data-bbox="708 779 980 926">Overnight Delivery</td> <td data-bbox="980 779 1474 926">Disclosures shipped overnight, will be considered “received” on the date the consumer sign for receipt of overnight delivery. Receipt can also be documented by having the consumer sign and date the disclosure.</td> </tr> <tr> <td data-bbox="708 926 980 1100">E-Delivery</td> <td data-bbox="980 926 1474 1100">File evidence of the consumers consent to receive disclosures electronically must be provided along with the audit trail document. Use of this option must be pre-approved by PBM to insure use of compliant e-delivery vendor.</td> </tr> </table>	Hand Delivery	Hand-delivered disclosures are considered received by consumer on the date they sign and date the disclosure.	Overnight Delivery	Disclosures shipped overnight, will be considered “received” on the date the consumer sign for receipt of overnight delivery. Receipt can also be documented by having the consumer sign and date the disclosure.	E-Delivery	File evidence of the consumers consent to receive disclosures electronically must be provided along with the audit trail document. Use of this option must be pre-approved by PBM to insure use of compliant e-delivery vendor.
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*See CFPB publications for specific requirements – <http://www.consumerfinance.gov/regulatory-implementation/>