

# Understanding the INTEGRATED MORTGAGE DISCLOSURE RULE



Effective for loan applications received after TRID implementation

## FORMS

### Loan Estimate Replaces

Good Faith Estimate (GFE)  
Initial Truth-in-Lending Disclosure (TIL)

### Closing Disclosure Replaces

HUD-1 Settlement Statement  
Final Truth-in-Lending Disclosure (TIL)



## Timing

### Loan Estimate

**3 days**

Lender ensures delivery or places in the mail no later than the third business day\* after receiving the consumer's application.

**7 days**

The Loan Estimate must also be delivered or placed in the mail no later than the seventh business day\* before consummation of the transaction.

### Closing Disclosure

**3 days**

Lender ensures the consumer receives the Closing Disclosure no later than three business days\*\* before consummation of the loan.

**3 days**

Loans may not be consummated less than three business days\*\* after the Closing Disclosure is received by the consumer.

**3 days**

Changes made to the Closing Disclosure prior to loan consummation require a new Closing Disclosure form to be issued by the lender and, in a limited number of situations (including: APR changes more than 1/8 of a percent or 1/4 of a percent for irregular loans, the loan product changes or a pre-payment penalty is added [12 CFR § 1026.19(f)(2)(ii)]), a reset of the three-day waiting period.

\* A business day for the Loan Estimate is defined as any day the lender is open to the public for substantially all of its business functions.

\*\* The term business day for the Closing Disclosure means all calendar days except Sundays and certain specified Federal holidays.

Only the holidays listed in 5 U.S.C. 6103(a) qualify: New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day. See 12 CFR § 1026.2(a)(25)



## WHAT CONSTITUTES AN APPLICATION?

1. Consumer's name
2. Consumer's income
3. Consumer Social Security number
4. A property address
5. An estimated value of the property
6. The mortgage loan amount sought



## VARIANCES

Formally known as Tolerances

No Limit Charges | Zero Variance Charges  
10% Aggregate Variance Charges



## No Limit CHARGES

Charges such as prepaid interest, property insurance premiums, amounts placed into an escrow impound or reserve account and services required by the lender – if the lender allows the consumer to shop and the consumer actually selects a third-party service not on the lender's written list of service providers, and fees paid to third-party providers for services not required by the lender.

Fees paid to third-party providers for services not required by the lender may be paid to affiliates of the lender.



12 CFR § 1026.19(e)(3)(iii)

## 10% Aggregate Variance Charges

Recording fees, charges for third-party services where;

- The charges are not paid to the lender or the lender's affiliate.
- The consumer is permitted by the lender to shop for the third-party service but selects a provider on the lender's written list of approved service providers.

12 CFR § 1026.19(e)(3)(ii) | 12 CFR § 1026.38(f)(2)



## ZERO VARIANCE

- Fees paid to the lender, mortgage broker or an affiliate of the lender, except that charges paid for a third-party service not required by the lender, may be paid to an affiliate of the lender.
- Fees paid to an unaffiliated third party if the lender did not permit the consumer to shop for third-party service provider.
- Transfer taxes

12 CFR § 1026.19(e)(3)(i) | 12 CFR § 1026.19(e)(3)(ii)(B) | 12 CFR § 1026.19(e)(3)(ii)(C) | 12 CFR § 1026.19(e)(3)(ii)(E) Comment 19(e)(3)(i) - 1.v.



**PennAttorneys**

A Division of Ohio Bar Title Insurance Company  
A First American Company

[www.pennattorneys.com](http://www.pennattorneys.com)

First American Title Insurance Company, Penn Attorneys and Ohio Bar Title Insurance Company make no express or implied warranty respecting the information presented and assumes no responsibility for errors or omissions. First American, the eagle logo, First American Title, Ohio Bar Title Insurance Company and the Ohio Bar logo are registered trademarks or trademarks of First American Financial Corporation and/or its affiliates.

AMD: 02/2015

©2015 First American Financial Corporation and/or its affiliates. All rights reserved. • NYSE: FAF