

CONTENTS

Overview	3
Applicability/Eligibility	3
Loan Origination Disclosures	3
Loan Estimate Overview	3
Loan Estimate Content.....	4
Loan Estimate Delivery Requirements.....	4
Loan Estimate Delivery Methods.....	5
Loan Estimate Timing Requirements	5
Application Definition	5
Business Day Definition	6
Notice of Intent to Proceed	6
Collection of Documentation	6
Collection of Fees.....	6
Revisions and Corrections to Loan Estimates	6
Changed Circumstances.....	7
Revised Loan Estimate Timing Requirements.....	7
Documentation of Loan Estimate Revisions	7
Restrictions on Issuing Revised Loan Estimates.....	8
Loan Estimate Variances	8
Ten Percent Cumulative Tolerance.....	9
Charges on the Loan Estimate for Services Not Performed	9
Excess Charges Cure Provisions	10
Variances after Issuing a Closing Disclosure	10
Shopped Services	10
Closing Disclosure Overview	11
Closing Disclosure Content	11
Closing Disclosure Delivery Requirements	12
Closing Disclosure Timing Requirements.....	13
Consummation Date Definition	13
Business Day Definition	13
Earliest to Close Date.....	13
Waiving of Waiting Period	14
Delivery Requirements - Loans with Multiple Consumers	14
Closing Disclosure Settlement Agent Responsibility.....	14
Average Charges for Settlement Services.....	15
Revisions and Corrections to Closing Disclosures.....	15
Corrections Occurring Outside Cure Period.....	15
Other Information.....	16
Pre-Application Cost Estimates.....	16

Adding a Borrower to a Loan	16
Dropping a Borrower from a Loan	16
Privacy	17
Record Retention	17
Right to Receive Appraisal	17
Servicing Related Disclosures.....	17
Servicing Transfer Notice	17
Partial Payment Notice	17

OVERVIEW

Franklin American Mortgage Company (FAMC) purchases loans that are in compliance with the requirements of the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). FAMC will purchase loans that are in compliance with the TILA-RESPA Integrated Disclosures (TRID) requirements. This applies to all loan applications dated on or after October 3, 2015. Compliance with the requirements of the 2017 rule is required on all I applications dated on and after October 1, 2018. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) directed the Consumer Financial Protection Bureau (CFPB) to integrate the mortgage loan disclosures under TILA and RESPA Sections 4 and 5. The Dodd-Frank Act mandated that the CFPB develop and implement model disclosures that integrate the existing TILA and RESPA disclosures. The CFPB met that requirement by issuing proposed rules and forms on July 9, 2012. After issuing the proposal, the CFPB conducted a study of its proposed integrated disclosures to ensure the disclosures would perform better than the existing disclosures. The CFPB finalized the rule and disclosures on December 23, 2013. The TRID rule also provides a detailed explanation of how the forms should be filled out and used. Additionally, on January 20, 2015, the CFPB amended the rule with several changes.

On August 11, 2017, the CFPB issued a rule clarifying and amending certain mortgage disclosure provisions under the TRID rule. The final rule is effective October 10, 2017, but mandatory compliance is required with applications received on and after October 1, 2018.

APPLICABILITY/ELIGIBILITY

TRID requirements apply to most closed-end consumer credit transactions secured by real property including investment property. There are several types of transactions that are exempt from the rule, which include HELOCs, reverse mortgages, or mortgages secured by a mobile home or by a dwelling that is not attached to real property.

LOAN ORIGINATION DISCLOSURES

TRID consolidates the Good Faith Estimate (GFE), Truth-in Lending (TIL), HUD-1 Statement, Servicing Disclosure Statement, and Right to Receive Copy of Appraisal into the following two disclosures:

- Loan Estimate (LE);
- Closing Disclosure (CD).

NOTE: Other TRID-related disclosures apply. Refer to the Other Information section for further information.

LOAN ESTIMATE OVERVIEW

The creditor/lender is responsible for providing the consumer with good-faith estimates of credit costs and transaction terms on the LE. The creditor must ensure the LE is delivered or placed in the mail no later

than the third business day after receiving an application. The LE must comply with all prescribed information within the Rule and may be re-issued with revisions in certain circumstances.

Loan Estimate Content

The creditor must ensure the LE contains the correct and specific content for that transaction. The LE is a three (3) page document that generally contains the following information:

Page	Description
1	<ul style="list-style-type: none"> • General information of the specific loan transaction including creditor information. • Loan Terms table with descriptions of applicable information about the loan. • Projected Payments table • Costs at Closing table • A link for consumers to obtain more information about loans secured by real property at a website maintained by the CFPB. • A required statement “Save this Loan Estimate to compare with your Closing Disclosure.”
2	<ul style="list-style-type: none"> • A good-faith itemization of the Loan Costs and Other Costs associated with the loan and paid by the applicant/borrower. • A Calculating Cash to Close table to show the consumer how the amount of cash needed at closing is calculated. • Adjustable Payment Loans - an Adjustable Payment Table detailing how the monthly payments will change. • Adjustable Rate Loans – an Adjustable Interest Rate Table detailing how the interest rate will change.
3	<ul style="list-style-type: none"> • Creditor contact information. • A Comparisons table reflecting an estimated five (5) year payment breakdown, the APR, and the Total Interest Paid (TIP). • An Other Considerations table including the ECOA Right to Receive a Copy of the Appraisal statement, Assumption requirements, Late Payment information, and the Servicing Statement disclosure. • An optional Signature Statement for the consumer to sign to acknowledge receipt.

NOTE: Refer to the CFPB [Guide to the Loan Estimate & Closing Disclosure](#) for further information.

Creditors must use the version of the Loan Estimate that is applicable to the transaction; for example, the creditor may not use the purchase version of the form for a refinance.

Loan Estimate Delivery Requirements

The creditor is responsible for ensuring that it delivers, or places in the mail, the LE no later than the third business day after receiving the application. MDIA waiting periods apply; therefore the LE must also be delivered, or placed in the mail, no later than the seventh business day before consummation of the loan. Refer to the [TILA - Mortgage Disclosure Improvement Act](#) for further information.

Loan Estimate Delivery Methods

Delivery methods for the LE may vary. Acceptable delivery methods include:

Type	Description	Proof of Delivery
In Person	If the application is taken face to face, it is acceptable to deliver the disclosure in person. The disclosure is considered “delivered” once the disclosure has been given to the borrower.	Signed and dated copy of the disclosure.
Email	Email delivery is allowed provided it is E-Sign compliant with an FAMC approved vendor. NOTE: If email delivery was not in compliance with the E-Sign Act, all timing requirements default to First-Class Mail.	E-Sign compliant acknowledgement received by the creditor.
Overnight	It is acceptable to deliver the LE via UPS, Fed-Ex, or other national delivery services. The disclosure is considered “delivered” once the overnight package containing the disclosure has been signed for.	Signed and dated copy of the delivery notice.
First-Class Mail	Delivery of the disclosure via first-class mail delivery is acceptable. For timing purposes, four (4) business days for mailing, including the day the document was mailed, is required. The document is assumed to be/considered “delivered” on the 4 th day. For example, if the document was mailed on Monday, count Monday, Tuesday, Wednesday and Thursday of the same week. Delivery is assumed to be on Thursday.	No proof of delivery is required; however, a copy of the disclosure must still be maintained in the file.

NOTE: A disclosure that is signed and dated by the borrower(s) can be considered delivered as of the date it was actually signed (if that date is earlier than an “assumed” delivery date).

Loan Estimate Timing Requirements

The LE must be delivered or placed in the mail to the consumer no later than the third business day after the creditor receives the application.

Application Definition

An application means the submission of a consumer’s financial information for purposes of obtaining an extension of credit. An application consists of the submission of the following six (6) pieces of information:

- The consumer’s name;
- The consumer’s income;
- The consumer’s social security number to obtain a credit report;

- The property address;
- An estimate of the value of the property; and
- The mortgage loan amount sought.

An application can be submitted in written, electronic, and/or oral format.

NOTE: For brokered transactions, the three (3) business days start when the broker receives the information.

Business Day Definition

For purposes of providing the LE, a business day is a day on which the creditor's offices are open to the public for carrying out substantially all of its business functions. FAMC business days are defined as Monday through Friday. Saturday and/or Sunday are not considered business days.

Notice of Intent to Proceed

After the consumer has received the initial LE, the issuer of the LE is responsible for obtaining and documenting the consumers expressed intent to proceed with the transaction.

Collection of Documentation

No other information and/or documentation may be collected or verified as a condition to provide the LE. This includes, but is not limited to:

- Income documentation;
- Ability to repay documentation; and
- Asset documentation.

Collection of Fees

At the time an initial LE is issued, no monies can be collected from the applicant(s) except for the actual cost of a credit report. Refer to the [TILA - Mortgage Disclosure Improvement Act](#) for specific fee collection requirements.

REVISIONS AND CORRECTIONS TO LOAN ESTIMATES

Creditors are typically bound by the figures disclosed on the initial LE provided within three (3) business days of the application. Creditors may provide a revised LE in the following circumstances:

- Changed circumstances that occur after the LE is provided to the consumer resulting in estimated settlement charge(s) to increase more than the allowable tolerance.
- Changed circumstances that occur after the LE is provided to the consumer that affects the consumer's eligibility for the terms for which the consumer applied or the value of the security for the loan.

- Revisions to the credit terms or the settlement are requested by the consumer.
- The interest rate was not locked when the LE was provided, and locking the rate causes the points or lender credits disclosed on the LE to change.
- The consumer indicates their intent to proceed with the transaction after the LE has expired.
NOTE: An LE must be valid for a minimum of ten (10) business days.
- The loan is a new construction loan, and settlement is delayed by more than sixty (60) calendar days; if the original LE states that at any time prior to sixty (60) calendar days before consummation, the creditor may issue revised disclosures.

An LE may not be reissued and/or revised due to miscalculations or underestimations of charges. Originated loans submitted for purchase in which the LE contains miscalculations or underestimated charges can be corrected provided the loan is within the allowable cure timeframe. If the loan is outside of the allowable timeframe, FAMC reserves the right to purchase the loan; however, in all cases the tolerance issue must be cured via a refund to the borrower and must be documented with a revised Closing Disclosure. Refer to the Excess Charges Cure Provision section of the policy for further details.

Changed Circumstances

A changed circumstance is defined as:

- An extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction (e.g., acts of God, war, disaster, or other emergency).
- Information specific to the consumer or transaction that the creditor relied upon when providing the LE and that was inaccurate or changed after the disclosures were provided (e.g., credit quality, loan amount, property value).
- New information specific to the consumer or transaction that the creditor did not rely on when providing the LE (e.g., boundary disputes, flood zone, appraisal changes).

NOTE: An LE can be issued prior to collecting all required minimum information (i.e., consumer's name, monthly income, social security number, property address, an estimate of the value of the property, or the mortgage loan amount sought), but the creditor may not collect it later and claim a changed circumstance. For example, if a creditor provides an LE prior to receiving the property address from the consumer, the creditor cannot claim that the receipt of the property address is a changed circumstance.

Revised Loan Estimate Timing Requirements

The creditor must deliver or place in the mail the revised LE to the consumer no later than three (3) business days after receiving the information that results in a valid circumstance. If the revised LE is not disclosed within three (3) business days of the change, the increased cost cannot be passed onto the borrower.

Documentation of Loan Estimate Revisions

Creditors are required to maintain copies of the initial LE and all revised LE's. In addition to the revised LE, the loan file must contain supporting documentation detailing the reason for the valid change of

circumstance. Every revised LE must have a corresponding Changed Circumstance Worksheet unless the sole reason for the change was due to a rate lock or no-cost rate lock extension.

Restrictions on Issuing Revised Loan Estimates

The creditor may not provide a revised LE on or after the date it provides the CD. Therefore, the creditor must ensure that the consumer receives the revised LE no later than four (4) business days prior to consummation.

NOTE: If the creditor is mailing the revised LE via first-class mail, creditor would need to place the LE in the mail no later than seven (7) business days before consummation.

LOAN ESTIMATE VARIANCES

Creditors are responsible for ensuring that the figures stated in the LE are made in good faith and consistent with the best information reasonably available to the creditor at the time they are disclosed.

To determine if an LE was provided in good faith is determined by comparing the differences between the estimated charges disclosed on the LE and the actual charges paid by the consumer as disclosed on the CD.

Creditors may charge a consumer more than the amount disclosed on the LE in certain specific circumstances such as:

- Allowed charges that may change by no more than 10% of the originally disclosed amount;
- Allowed charges that may change under any circumstance by more than what was originally disclosed; and
- Valid special circumstances as described in the Changed Circumstances section.

Charges that CANNOT Increase	Charges that CAN Increase 10%	Charges that CAN Increase with No Restrictions*
<ul style="list-style-type: none"> • Any fee paid to the Lender or broker or affiliate of either*; • Fees paid to an unaffiliated 3rd party for lender required services if the creditor did not permit the consumer to shop; • Borrower credit or charge for the specific interest rate chosen; and 	<ul style="list-style-type: none"> • Recording fees; • Government charges; and • Fees paid to an unaffiliated 3rd party for lender required services if the creditor did permit the consumer to shop and the consumer selects a service provider from the Settlement Services Provider List. 	<ul style="list-style-type: none"> • Initial deposit for escrow; • Daily interest charges; • Homeowner's insurance; • Fees paid to an unaffiliated 3rd party for lender required services if the creditor did permit the consumer to shop, and the consumer selects a service provider that is not on the

<ul style="list-style-type: none"> • Transfer taxes. <p>*If a fee is paid to a Lender or broker but is passed onto an unaffiliated 3rd party, it is not included in the 0% tolerance. The loan file must contain evidence that the fee is being passed onto an unaffiliated 3rd party.</p>		<p>Settlement Services Provider List; and</p> <ul style="list-style-type: none"> • Fees paid to an unaffiliated 3rd party for non-required services. <p>*Items in the category are permitted to increase only if the amount estimated (or omitted) was based on the best information reasonably available at the time of disclosure. If the creditor has reason to know that one of the above items would be required at consummation, failure to disclose an amount or disclosing an unreasonably low estimate is not an estimate based on the best information reasonably available, and as a result, is subject to 0% tolerance.</p>
---	--	---

Ten Percent Cumulative Tolerance

Charges for third-party services and recording fees paid by or imposed on the consumer are grouped together and subject to a 10% cumulative tolerance. This means the creditor may charge the consumer more than the amount disclosed on the LE for any of these charges so long as the total sum of the charges added together does not exceed the sum of all such charges disclosed on the LE by more than 10%.

A creditor may charge more than 10% in excess of an individual charge in a specific category provided the total of all charges is still within the 10% cumulative tolerance.

A creditor may charge a consumer for a fee that would fall under the 10% cumulative tolerance but was not included on the LE provided the total of all charges in a specific category paid does not exceed the sum of all estimated charges by more than 10%.

Charges on the Loan Estimate for Services Not Performed

The creditor should compare the total charges actually paid by or imposed on the consumer with the total charges on the LE that are actually performed. If a service is not performed, the estimate for that charge should be removed from the total amount of estimated charges for comparison purposes.

Excess Charges Cure Provisions

If the amounts paid by the consumer at closing exceed the amounts disclosed on the LE beyond the allowable tolerances, the creditor must refund the excess to the consumer no later than sixty (60) calendar days after consummation.

- For charges subject to zero tolerance, any amount charged beyond the amount disclosed on the LE must be refunded to the consumer.
- For charges subject to a 10% cumulative tolerance, the amount of the total sum of the charges added together that exceeds the total amount of charges disclosed on the LE by more than 10% must be refunded to the consumer.

NOTE: The rule requires the amount of excess fees being refunded to be disclosed as a lender credit or principal reduction along with a statement that such amount was paid to offset an excess charge.

Variations after Issuing a Closing Disclosure

If the changed circumstance event occurs between the fourth and third business days from consummation, the creditor may reflect the revised charges on the CD provided to the consumer three (3) business days before consummation.

If the changed circumstance event occurs after the first CD has been provided to the consumer (within the three-business-day waiting period before consummation), the creditor may use revised charges on the CD provided to the consumer at consummation and compare those amounts to the amounts charged for purposes of determining tolerance.

If the changed circumstance event occurs earlier than the fourth business day from consummation and a CD has already been provided to the consumer, the CD previously provided to the consumer must be compared to final CD issued at closing for purposes of determining tolerances. Issuing a CD earlier in the loan process can limit the ability to pass along all costs associated with a valid change of circumstances.

SHOPPED SERVICES

In addition to the LE, if the consumer is permitted to shop for a settlement service, the creditor must provide a written list of services for which the consumer can shop. This written list of providers is separate from the LE and must be provided to the consumer no later than three (3) business days after the creditor receives the consumer's application. The Settlement Services Provider List (SSPL) must:

- Identify at least one (1) available settlement service provider for each service;
- State that the consumer may choose a different provider of that service; and
- Must correspond to the settlement services for which the consumer can shop as disclosed on the LE.

NOTE: The creditor may also identify on the written list of providers those services for which the consumer is not permitted to shop as long as those services are clearly separated from those services that can be shopped.

Effective October 10, 2017 if a creditor permits a consumer to shop for a service but fails to provide a written list of providers or the list is not compliant with the TRID rule, then the charges for the applicable services will be subject to the effective ten percent tolerance on increases. Please note that charges paid to an affiliate provided would not be allowed to increase.

CLOSING DISCLOSURE OVERVIEW

For loans that require a LE and that proceed to closing, creditors must provide a new final disclosure reflecting the actual terms of the transaction called the CD. The creditor must ensure the CD is delivered to the consumer no later than three (3) business days before consummation. The CD must comply with all prescribed information within the Rule and may be re-issued with revisions and/or new timing requirements in certain circumstances.

Closing Disclosure Content

The creditor must ensure the CD contains the correct and specific content for that transaction. The CD is a five (5) page document that generally contains the following information:

Page	Description
1	<ul style="list-style-type: none"> • General information of the specific loan transaction, including creditor information. • Loan Terms table with descriptions of applicable information about the loan. • Projected Payments table. • Costs at Closing table.
2	<ul style="list-style-type: none"> • Actual amounts of the Loan Costs associated with the loan, including a breakdown of items being paid by all parties. • Actual amounts of the Other Costs associated with the loan, including a breakdown of items being paid by all parties.
3	<ul style="list-style-type: none"> • A Calculating Cash to Close table to show the consumer the amount of cash required at closing. • A Summaries of Transactions table. • Refinance loans – a Payoff and Payments table (optional).
4	<ul style="list-style-type: none"> • Loan Disclosures section, including information on Assumption Requirements; Demand Features, Late Charge Information; Partial Payment Policy; Escrow Information. • Adjustable Payment Loans - an Adjustable Payment Table detailing how the monthly payments will change. • Adjustable Rate Loans – an Adjustable Interest Rate Table detailing how the interest rate will change.
5	<ul style="list-style-type: none"> • Loan Calculation table, including Total of Payments, Finance Charge, Amount Financed, APR, and TIP.

Page	Description
	<ul style="list-style-type: none"> • A link for consumers to ask questions or make a complaint at a website maintained by the CFPB. • Contact Information for the Creditor, Mortgage Broker, Real Estate Broker(s), and Settlement Agents. • Other Disclosures • An optional Signature Statement for the consumer to sign to acknowledge receipt.

NOTE: Refer to the CFPB [Guide to the Loan Estimate & Closing Disclosure](#) for further information.

Creditors must use the version of the Closing Disclosure that is applicable to the transaction; for example, the creditor may not use the purchase version of the form for a refinance.

Closing Disclosure Delivery Requirements

The creditor must ensure the CD is delivered to the consumer no later than three (3) business days before consummation. Delivery methods for the CD may vary. Acceptable delivery methods include:

Type	Description	Proof of Delivery
In Person	The CD may be provided to the borrower in person. The disclosure is considered “delivered” once the disclosure has been given to the borrower.	Signed and dated copy of the disclosure.
Email	E-mail delivery is allowed provided it is E-Sign compliant with an FAMC approved vendor. NOTE: If e-mail delivery was not in compliance with the E-Sign Act, all timing requirements default to First-Class Mail.	E-Sign compliant acknowledgement received by the creditor.
Overnight	It is acceptable to deliver the CD via UPS, Fed-Ex, or other national delivery services. The disclosure is considered “delivered” once the overnight package containing the disclosure has been signed for.	Signed and dated copy of the delivery notice.
First-Class Mail	Delivery of the disclosure via first-class mail delivery is acceptable. For timing purposes, four (4) business days for mailing, including the day the document was mailed, is required. The document is assumed to be/considered “delivered” on the 4 th day. For example, if the document was mailed on Monday, count Monday, Tuesday, Wednesday, and Thursday of the same week. Delivery is assumed to be on Thursday.	No proof of delivery is required; however, a copy of the disclosure must still be maintained in the file.

NOTE: A disclosure that is signed and dated by the borrower(s) can be considered delivered as of the date it was actually signed (if that date is earlier than an “assumed” delivery date).

Closing Disclosure Timing Requirements

The creditor must ensure the CD is delivered to the consumer no later than three (3) business days before consummation. The loan cannot close until the third business day after the CD is considered delivered.

Consummation Date Definition

Consummation date is defined as the date the borrower becomes legally obligated to the transaction. FAMC will use the date the mortgage note is signed as the consummation date in all states.

Business Day Definition

For purposes of providing the CD, a business day means all calendar days except Sundays and the legal public holidays, such as 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.

When one of these holidays falls on a Saturday or Sunday, Federal offices, creditors and FAMC might observe the holiday on the Friday before or Monday after. In cases where this definition of a business day applies, the observed holiday should be counted as a business day. If the creditor or FAMC is open for business on a federal holiday, the federal holiday cannot be counted as a business day for purposes of providing the CD.

NOTE: FAMC counts business days starting the day after the CD is acknowledged or assumed received. FAMC does not consider CDs as received on a Sunday or legal public holiday. If a borrower acknowledges a CD on a Sunday or legal public holiday, it is considered received the next business day. Refer to the Earliest to Close Date tables below.

Earliest to Close Date

The earliest date a loan can close varies depending on the delivery method and proof of delivery. For First-Class Mail Delivery:

IF CD is Mailed On:	THEN Assume Receipt On:	THEN Business Days Are	AND Loan Can Close On
Monday	Thursday	Friday, Saturday, Monday	The second Monday
Tuesday	Friday	Saturday, Monday, Tuesday	The second Tuesday
Wednesday	Saturday	Monday, Tuesday, Wednesday	The second Wednesday
Thursday	Monday	Tuesday, Wednesday, Thursday	The second Thursday
Friday	Tuesday	Wednesday, Thursday, Friday	The second Friday

Saturday	Wednesday	Thursday, Friday, Saturday	The second Saturday
----------	-----------	----------------------------	---------------------

For all other delivery methods:

IF CD Is Acknowledged On:	THEN Business Days Are	AND Loan Can Close On
Monday	Tuesday, Wednesday, Thursday	Thursday
Tuesday	Wednesday, Thursday, Friday	Friday
Wednesday	Thursday, Friday, Saturday	Saturday
Thursday	Friday, Saturday, Monday	Monday
Friday	Saturday, Monday, Tuesday	Tuesday
Saturday	Monday, Tuesday, Wednesday	Wednesday
Sunday	Tuesday, Wednesday, Thursday	Thursday

Waiving of Waiting Period

Although allowed within TRID requirements, FAMC will not allow the three (3) day waiting period to be waived.

Delivery Requirements - Loans with Multiple Consumers

IF the Loan is A	THEN
Purchase Money	The CD can be given to the primary applicant or any consumer with primary liability for the loan.
Refinance or other rescindable transaction	The CD must be given separately to each consumer who has the right to rescind under TILA.

NOTE: Proof of delivery is required for all parties that receive a CD.

Closing Disclosure Settlement Agent Responsibility

The creditor is responsible for ensuring the CD is received by the consumer no later than three (3) business days before consummation. Creditors may contract with settlement agents to have the settlement agent provide the CD to consumers on the creditor's behalf. Creditors and settlement agents also may agree to divide responsibility with regard to completing the CD with the settlement agent assuming responsibility to complete some or all the disclosure.

The settlement agent is required to provide the seller with the CD reflecting the actual terms of the seller's transaction and must be provided to the seller no later than the day of consummation. The settlement agent may comply with this requirement by providing the seller with a copy of the CD provided to the consumer (buyer) if it also contains information relating to the seller's transaction. The settlement agent

may also provide the seller with a separate disclosure, including only the information applicable to the seller's transaction from the CD. The creditor must retain a copy of the seller's CD in the loan file.

Average Charges for Settlement Services

The amount imposed on the consumer for any settlement service must not exceed the amount the settlement service provider actually received for that service. However, an average charge may be used instead of the actual amount received for a particular service, as long as the average charge satisfies certain conditions. The creditor is responsible for developing and maintaining the documentation to meet the specific conditions. FAMC will not allow the use of average charges for any settlement service.

REVISIONS AND CORRECTIONS TO CLOSING DISCLOSURES

Creditors must re-disclose terms or costs on the CD if certain changes occur to the transaction after the disclosure was first provided that cause the disclosure to become inaccurate. There are three (3) categories that require a corrected CD:

- Changes that occur before consummation that require a new three (3) business day waiting period.
- Changes that occur before consummation and do not require a new three (3) business day waiting period.
- Changes that occur after consummation.

NOTE: Effective October 10, 2017, the creditor is not required to issue a corrected CD if the only change is the actual per diem interest differing from the previously disclosed amount of per diem interest.

IF the Change is:	THEN the Delivery Requirement is:
APR varies by 1/8 for fixed products or 1/4 for ARM	No later than the third business day before consummation
Any numeric correction (fee, changes to seller paid amounts, etc.) that occurs during the 30-calendar day period after consummation	Providing a corrected CD no later than 30 calendar days after receiving notification of fee change. Any refunds for excess fees charged must be provided to the consumer no later than 60 days after consummation along with the corrected CD reflecting the refund.
Any non-numeric/clerical correction that occurs during the 60-calendar-period after consummation	Provide a corrected CD no later than 60 days after consummation.

Corrections Occurring Outside Cure Period

If the correction is numerical, a revised CD is required for corrections occurring outside of the 30-day cure period. If the correction is clerical, a revised CD is not required for corrections occurring outside of the 60-day cure period.

NOTE: Any refund of monies requires a revised CD.

Creditors are required to maintain copies of the initial CD and all revised CD's.

OTHER INFORMATION

Pre-Application Cost Estimates

TRID does not prohibit a creditor or other person from providing a consumer with estimated terms or costs prior to the consumer receiving the LE. However, if a consumer is provided with a written estimate of terms or costs specific to that consumer before the consumer receives the LE, it must:

- Clearly and conspicuously state at the top of the front of the first page of the written estimate "Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing the loan."
- Be in font size no smaller than 12-point font.
- Not have headings, content, and format substantially similar to the LE or the CD.

Adding a Borrower to a Loan

A borrower can be added to an application at any time during the loan process. Initial disclosures and waiting periods are as follows:

All Rescindable Transactions	Jointly Responsible for Debt	Guarantees the Debt (Co-Signor)
Initial disclosures must be given to the added borrower(s). The creditor must allow the new borrower(s) a seven (7) business day waiting period after disclosures have been sent prior to closing. Additionally, a changed circumstance must be documented in the file.	A changed circumstance must be documented in the file. A new LE reflecting the added borrower is required but may not be sent to either borrower and must be dated within three (3) business days of the changed circumstance.	A changed circumstance must be documented and in the file. A new LE reflecting the added applicant is required to be sent to the primary borrower and must be dated within three (3) business days of the changed circumstance.

Dropping a Borrower from a Loan

Once an application has been taken, dropping a borrower from a loan requires a denial under the appropriate denial reason as one or more borrowers did not qualify unless a withdrawal from the customer has been received in writing in the instance where a denial is not applicable. If the remaining borrowers wish to proceed, a new loan application and loan number is required.

Privacy

The 2017 rule cites two sections of Federal Privacy law as authority for creditors and settlement agents to share Closing Disclosure information with third parties, including real estate agents. To address state privacy restrictions, the final rule provides three permissible modifications to Closing Disclosures to separate consumer and seller information.

Record Retention

The lender must retain copies of the CD and all related documents to this disclosure for five (5) years after the loan consummation. All other documents must be maintained for three (3) years after the loan closing.

Right to Receive Appraisal

The LE and CD include a statement that the creditor is required to provide the consumer a copy of the appraisal. This existing notice has been integrated into page 3 of the LE and page 5 of the CD.

Refer to the [ECOA – Valuations Rule/AIR Appraisal Delivery](#) for additional information.

Servicing Related Disclosures

TRID changes affect some servicing related disclosures provided to consumers by creditors or servicers.

Servicing Transfer Notice

The LE includes a statement of whether the creditor intends to service the loan or transfer the loan to another servicer. This existing notice has been integrated into page 3 of the LE.

Partial Payment Notice

On page 4 of the CD, a statement must be disclosed of whether the creditor:

- Accepts partial payments and applies the payments to the borrower's loan;
- Holds partial payments in separate account until the borrower sends the rest of the payment, and then applies the full payment to the loan; or
- Does not accept any partial payments.