

Lender Operations Update

L-2016-001

Attn: HFA Lenders

Correspondent Loans – TRID Update, volume 2

January 11, 2016

News

Reminder

Alert

Training

Note USBHM has changed the numbering system for Lender Operations Updates to help distinguish them from Bulletins sent from our National Wholesale and Correspondent Division. Please note that the tracking numbers for Operational updates will start with the letter **L** (as in L-2016-001 above).

Summary A previous Lender Operations Update (2015-048, sent on December 11) identified various TRID-related topics that lenders should be aware of. This Lender Operations Update provides additional information for lenders on issues with loans submitted to U.S. Bank Home Mortgage (USBHM) now that the TILA-RESPA Integrated Disclosures Final Rule (TRID) is in effect.

If you fail to submit full and accurate documentation with the closed loan package, it will delay the processing of your loan files and may result in purchase rejection.

USBHM will work with our correspondent partners to ensure all loans are TRID compliant. Please contact the HFA Lender Hotline with any concerns.

Consistent Fee Naming Lenders must use consistent fee names on the Loan Estimate and Closing Disclosure. Consistent fee names are necessary to accurately calculate changes that may exceed the allowed variance, especially when a lender does not allow the borrower to shop for a required service or when the borrower shops using the Written List of Providers.

USBHM is receiving loans with fees labeled differently on the Loan Estimate and the Closing Disclosure. When fees are labeled differently it indicates a new service and fee were added. The following are examples of inconsistencies that may indicate a new service was added or otherwise confuse a borrower:

- An attorney fee on the Loan Estimate is shown on the Closing Disclosure as a closing fee
- A title search on the Loan Estimate is shown on the Closing Disclosure as an examination of title
- Miscellaneous processing fees (such as a verification of employment fee) being labeled inconsistently between the Loan Estimate and the Closing Disclosure.

USBHM encourages lenders to use uniform Mortgage Industry Standards Maintenance Organization (MISMO) fee names whenever possible.

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Consistent
Fee
Itemization

Lenders generally must itemize fees for different services in all disclosure sections. Itemization must be consistent on both the Loan Estimate and the Closing Disclosure.

Disclosing lump sums for multiple services is generally not allowed; fees must be listed and labeled the same way on both documents.

Lender's Title
Policies – Full
Fee Disclosure

On a purchase transaction, lenders must disclose the full lender's title insurance policy rate on the Loan Estimate, even if they expect the borrower to obtain an owner's title policy and obtain a discounted rate for the lender's policy. Lenders must use the CFPB formula to disclose the estimate for the owner's title insurance premium (see [here](#) for details from the CFPB).

Failure to follow the CFPB rule to disclose the lender's title policy premium on the Loan Estimate will most likely result in a variance cure for the borrower.

Seller's
Closing
Disclosure

USBHM requires full seller closing cost and transaction details as a condition of purchasing a loan. We expect that lenders work with settlement agents to prepare complete, accurate disclosures for the borrower.

If a party to the transaction requests the seller's Closing Disclosure be separated, USBHM will accept the loan where the seller's Closing Disclosure is separated per TRID instructions. As stated on Lender Operations Update 2015-048, USBHM will require a copy of the separated seller's Closing Disclosure prior to purchase (the Closing Disclosure must be a model form, either Appendix H-25 or H-25(I) of Regulation Z).

While USBHM encourages lenders to provide a copy in the file of any separate settlement or disbursement statements used, those statements — including American Land Title Association (ALTA) Settlement Statements — are not acceptable substitutes for the required TRID disclosures in the model forms.

Written List of
Providers

If lenders allow the borrower to shop for a required settlement service, USBHM will expect that lenders provide a Written List of Providers to the borrower per TRID instructions (see H-27 of regulation Z appendix H for a model form). USBHM will accept other forms if the document contains all content required by the TRID rules including:

- A list of the required services,
- Contact information for an available provider of each service, and
- A statement that the borrower may choose different providers.

Failure to satisfy the requirements of the rule may result in the service charge being subject to a zero dollar allowed variance.

Questions?

Please send any TRID policy questions to us at usbhmlendersupport@usbank.com.

The CFPB [TRID website](#) has sample forms, timelines, the new consumer guide, and other resources to help you learn more.

If you have questions regarding this Lender Operations Update, please contact the HFA Hotline at 800.562.5165, option 2.

We appreciate your continued partnership.



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