

SAMPLE

## Implementation Guide



**Bankers Advisory**  
A CliftonLarsonAllen LLP Division

# Truth in Lending - RESPA Integrated Disclosure Rule (TRID)

## Table of Contents

### 1 – General Requirements

<i>Section</i>	<i>Topic</i>	<i>Page</i>
1.1	Summary of the Rule	1 – 1
1.2	Covered Transactions	1 – 2
1.3	Effective Date	1 – 3
1.4	Definition of an Application	1 – 3
1.5	Loan Estimate Disclosure	1 – 4
1.6	Timing and Delivery of the Loan Estimate	1 – 5
1.7	Definition of Business Day for Delivery of LE	1 – 5
1.8	Waiver of 7-Day Waiting Period by Consumers	1 – 5
1.9	Loan Estimates Provided by Mortgage Brokers	1 – 6
1.10	Applications Denied, Withdrawn or Amended	1 – 6
1.11	General Accuracy Requirement	1 – 6
1.12	Charges that May Change	1 – 7
1.13	When Consumers May Shop for Services	1 – 8
1.14	Charges Subject to a 10% Cumulative Tolerance	1 – 8
1.15	Charges Subject to a Zero Tolerance	1 – 9
1.16	Obligations When Amounts Exceed Tolerance Thresholds	1 – 10
1.17	Revisions and Corrections to Loan Estimates	1 – 10
1.18	Definition of a Changed Circumstance	1 – 11
1.19	When a Changed Circumstance Affects Creditworthiness	1 – 12
1.20	Revised Loan Estimate	1 – 12
1.21	General Requirements of the Closing Disclosure	1 – 13
1.22	Definition of Consummation	1 – 13
1.23	Timing and Delivery Requirements of the Closing Disclosure	1 – 14
1.24	Corrected Disclosures Due to Changes in Terms or Costs	1 – 15
1.25	Corrected Disclosures Due to Clerical Error	1 – 16
1.26	Corrected Disclosures to Accompany Refund to Consumer	1 – 16
1.27	New 3-Day Waiting Period	1 – 16
1.28	Consumer's Waiver of 3-Day Waiting Period	1 – 16
1.29	Settlement Agent May Provide Closing Disclosure	1 – 17
1.30	Record Retention	1 – 17
1.31	Record Retention for Sold or Transferred Loans	1 – 17

### 2 – Policy and Procedures

2.1	CFPB Requirements	2 – 1
2.2	Relevant Disclosures	2 – 1
2.3	Monitoring Compliance of the Loan Estimate Form	2 – 2
2.4	Monitoring Compliance of the Closing Disclosure	2 – 3
2.5	Implementation Testing	2 – 3
2.6	Software Vendor Monitoring	2 – 4
2.7	Title Company Monitoring	2 – 4
2.8	State-specific Compliance Monitoring	2 – 5
2.9	Rate Lock Policy	2 – 5

### 3 – Loan Estimate

<i>Section</i>	<i>Topic</i>	<i>Page</i>
3.1	Loan Estimate, Page 1, General Information	3 – 1
3.2	Loan Estimate, Page 1, Loan Terms Table	3 – 6
3.3	Loan Estimate, Page 1, Projected Payments Table	3 – 8
3.4	Loan Estimate, Page 1, Costs at Closing	3 – 13
3.5	Loan Estimate, Page 2, Closing Cost Details	3 – 14
3.6	Loan Estimate, Page 2, Loan Costs	3 – 14
3.7	Loan Estimate, Page 2, Origination Charges	3 – 15
3.8	Loan Estimate, Page 2, Services You Cannot Shop For	3 – 16
3.9	Loan Estimate, Page 2, Services You Can Shop For	3 – 18
3.10	Loan Estimate, Page 2, Total Loan Costs	3 – 19
3.11	Loan Estimate, Page 2, Other Costs	3 – 20
3.12	Loan Estimate, Page 3, Additional Information	3 – 21
3.13	Loan Estimate, Page 3, Contact Information	3 – 22
3.14	Loan Estimate, Page 3, Comparisons Table	3 – 23
3.15	Loan Estimate, Page 3, Other Considerations	3 – 24
3.16	Loan Estimate, Page 3, Confirm Receipt	3 – 24
3.17	Loan Estimate, Timing and Delivery	3 – 24
3.18	Loan Estimate, Definition of Business Day	3 – 25
3.19	Rounding of Dollar Amounts	3 – 36
3.20	Loan Estimate, Fixed Rate Example, Pages 1-3	3 – 27
3.21	Loan Estimate, Adjustable Rate Example, Pages 1-3	3 – 30
3.22	Services You Can Shop For – Model Form	3 – 33
3.23	Additional Details for Services You Can Shop For, Completed Example	3 – 34
3.24	Additional Details for Shop For/Not Shop For, Model Form	3 – 35

### 4 – Closing Disclosure

4.1	Issuance and Delivery	4 – 1
4.2	Revised Closing Disclosure	4 – 1
4.3	Rounding	4 – 1
4.4	Consummation	4 – 2
4.5	Closing Disclosure, Page 1, Closing Information	4 – 2
4.6	Loan Terms	4 – 4
4.7	Projected Payments	4 – 5
4.8	Costs at Closing	4 – 5
4.9	Alternative Costs at Closing	4 – 6
4.10	Closing Disclosure, Page 2	4 – 6
4.11	Closing Cost Details, Page 2, Loan Costs Table	4 – 7
4.12	Other Costs	4 – 9
4.13	Page 3, Calculating Cash to Close	4 – 11
4.14	Alternative Calculating Cash to Close	4 – 13
4.15	Page 3, Summaries of Transactions	4 – 15
4.16	Page 3, Borrowers Transaction, Section K	4 – 16
4.17	Page 3, Borrowers Transaction, Section L	4 – 18
4.18	Page 3, Cash to Close To or From Borrower	4 – 20
4.19	Page 3, Seller's Transaction	4 – 20

4.20	Page 3, Due from Seller at Closing	4 – 22
4.21	Page 3, Cash to Close Due or From Seller	4 – 24
4.22	Page 4, Additional Information About This Loan	4 – 25
4.23	Page 4, Additional Information About This Loan with AIR Table	4 – 27
4.24	Page 4, Loan Disclosures	4 – 27
4.25	Page 4, Escrow Account	4 – 28
4.26	Page 4, Adjustable Payment Table (AP)	4 – 29
4.27	Page 4, Adjustable Interest Rate Table (AIR)	4 – 29
4.28	Page 5, Closing Disclosure	4 – 30
4.29	Page 5, Loan Calculations	4 – 31
4.30	Page 5, Other Disclosures	4 – 32
4.31	Page 5, Appraisal Statement	4 – 33
4.32	Page 5, Contact Information	4 – 33
4.33	Page 5, Confirm Receipt	4 – 34
4.34	Closing Disclosure, Purchase Example, Pages 1-5	4 – 36
4.35	Closing Disclosure, Refinance Example, Pages 1-5	4 – 40
4.36	Escrow Waiver, Model Form	4 – 45

## 5 – Disclosure Timeline

5.1	Assumptions for the Examples Provided	5 – 1
5.2	Events for the Examples	5 – 1
5.3	Definitions and Explanations for the Examples	5 – 2
5.4	Timeline, First Month	5 – 3
5.5	Timeline, Second Month	5 – 4
5.6	Timeline, Third Month	5 – 5
5.7	Timeline, Fourth Month	5 – 6
5.8	Timeline, Fifth Month	5 – 7

## 6 – Compliance Checklist

6.1	Initial Loan Estimate Disclosure Checklist	6 – 1
6.2	Closing Disclosure Checklist	6 – 3
6.3	Re-disclosure Checklist	6 – 4
6.4	Tolerances Checklist	6 – 4

## 1.9 **Loan Estimates Provided by Mortgage Brokers**

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If a mortgage broker receives a consumer's application, the mortgage broker may provide the Loan Estimate to the consumer on the creditor's behalf.

The provision of a Loan Estimate by a mortgage broker satisfies the creditor's obligation to provide a Loan Estimate. However, any such creditor is expected to maintain communication with mortgage brokers to ensure that the Loan Estimate and its delivery satisfy the requirements described above, and the creditor is legally responsible for any errors or defects.

If a mortgage broker provides the Loan Estimate to a consumer, the mortgage broker must comply with the three year record retention requirement.

## 1.10 **Applications Denied, Withdrawn or Amended**

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### *Applications Denied or Withdrawn by the Consumer*

If the creditor determines within the three-business-day period that the consumer's application will not or cannot be approved on the terms requested by the consumer, or if the consumer withdraws the application within that period, the creditor does not have to provide the Loan Estimate. However, if the creditor does not provide the Loan Estimate, it will not have complied with the Loan Estimate requirements under Regulation Z if it later consummates the transaction on the terms originally applied for by the consumer.

### *Amended or Re-submitted Applications*

If a consumer amends an application and a creditor determines the amended application may proceed, then the creditor is required to comply with the Loan Estimate requirements, including delivering or mailing a Loan Estimate within three business days of receiving the amended or resubmitted application.

## 1.11 **General Accuracy Requirement**

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

Whether or not a Loan Estimate was made in good faith is determined by calculating the difference between the estimated charges originally provided in the Loan Estimate and the actual charges paid by or imposed on the consumer in the Closing Disclosure.

Generally, if the charge paid by or imposed on the consumer exceeds the amount originally disclosed on the Loan Estimate it is not in good faith, regardless of whether the creditor later discovers a technical error, miscalculation, or underestimation of a charge.

However, a Loan Estimate is considered to be in good faith if the creditor charges the consumer less than the amount disclosed on the Loan Estimate, without regard to any tolerance limitations.

### 3.4 Loan Estimate, Page 1, Costs at Closing

The Costs at Closing table shows:

Estimated Closing Costs are calculated in the same manner as the Total Closing Costs disclosed on page 2 of the Loan Estimate. The Total Closing Costs are also itemized to show from page 2 of the Loan Estimate:

- The total of the Loan Costs table,
- The total of the Other Costs table, and
- Lender Credits in the Total Closing Costs subheading.

The estimated amount of cash the consumer will be expected to pay at closing is also shown as Estimated Cash to Close. This amount is the same as the Estimated Cash to Close, from the Calculating Cash to Close table on page 2 of the Loan Estimate.

Costs at Closing	
<b>Estimated Closing Costs</b>	Includes in Loan Costs + in Other Costs – in Lender Credits. <i>See page 2 for details.</i>
<b>Estimated Cash to Close</b>	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i>

Visit [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate) for general information and tools.

LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID #

#### Alternative Costs at Closing Table

For transactions without a seller, an Alternative Costs at Closing table together with an Alternative Calculating Cash to Close table on page 2 of the Loan Estimate can be used in place of the Costs at Closing table shown above. The Alternative Costs at Closing table contains a variation that places checkboxes with Estimated Cash to Close in order to indicate whether the cash is due from or to the consumer. If the Alternative Costs at Closing table is used, then the Alternative Calculating Cash to Close on page 2 of the Loan Estimate also must be used.

### 3.5 **Loan Estimate, Page 2, Closing Cost Details**

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Four main categories of charges are disclosed on page 2 of the Loan Estimate:

- A good-faith itemization of the **Loan Costs** and **Other Costs** associated with the loan.
- A **Calculating Cash to Close** table to show the consumer how the amount of cash needed at closing is calculated.
- For transactions with adjustable monthly payments, an **Adjustable Payment (AP) Table** with relevant information about how the monthly payments will change.
- For transactions with adjustable interest rates, an **Adjustable Interest Rate (AIR) Table** with relevant information about how the interest rate will change.

The items associated with the mortgage are broken down into two general types, **Loan Costs** and **Other Costs**. Generally, Loan Costs are those costs paid by the consumer to the creditor and third-party providers of services the creditor requires to be obtained by the consumer during the origination of the loan. Other Costs include taxes, governmental recording fees, and certain other payments involved in the real estate closing process. Items that are a component of title insurance must include the introductory description of "Title".

If State law requires additional disclosures, those additional disclosures may be made on a separate document; not presented as part of the Loan Estimate.

### 3.6 **Loan Estimate, Page 2, Loan Costs**

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Loan Costs are disclosed in three subheadings, each of which is subtotaled:

- Origination Charges,
- Services You Cannot Shop For, and
- Services You Can Shop For.

Disclose the sum of these three subtotals as Total Loan Costs

**3.7 Loan Estimate, Page 2, Origination Charges**

**Origination Charges** are items the consumer will pay to each creditor and loan originator for originating and extending credit. First, include the amount paid, if any, by the consumer to the creditor to reduce the interest rate (sometimes referred to as “points”) as both a percentage of the loan amount and a dollar amount. If no points are charged, then leave blank both the percentage of points stated in the label and the dollar amount.

**Loan Costs**

**A. Origination Charges**  
% of Loan Amount (Points)

**B. Services You Cannot Shop For**

**C. Services You Can Shop For**

**D. TOTAL LOAN COSTS (A + B + C)**

LOAN ESTIMATE

Any other items that the consumer will pay to the creditor and loan originator may also be disclosed, up to **13 individual items**.

If there are more than 13 Origination Charges, disclose the total amount of the items that exceed 12 as Additional Charges. Describe the items, other than for points paid, using terminology that clearly and conspicuously describes the service that is disclosed.

The following items should be itemized separately in the Origination Charges subheading:

- ▶ Compensation paid directly by a consumer to a loan originator that is not also the creditor; or
- ▶ Any charge imposed to pay for a loan level pricing adjustment assessed on the creditor that is passed on to the consumer as a cost at consummation and not as an adjustment to the interest rate.

Only items paid directly by the consumer to compensate a loan originator are Origination Charges. Do not disclose compensation to a loan originator paid indirectly by a creditor through the interest rate on the Loan Estimate.

#### 4.7 Projected Payments

The Projected Payments table on the Closing Disclosure discloses the same information required to be disclosed on the Projected Payments table disclosed on the Loan Estimate, updated to reflect the terms of the legal obligation at consummation.

Projected Payments	
<b>Payment Calculation</b>	
Principal & Interest	
Mortgage Insurance	
Estimated Escrow <i>Amount can increase over time</i>	
<b>Estimated Total Monthly Payment</b>	
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i> <i>See page 4 for details</i>	<p><b>This estimate includes</b></p> <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>
	<b>In escrow?</b>

#### 4.8 Costs at Closing

The Cost at Closing table discloses:

- The total amount disclosed as **Total Closing Costs** in the **Other Costs table** disclosed on page 2 of the Closing Disclosure. Total Closing Costs are also itemized to show the Total Loan Costs, the Total Other Costs, and Lender Credits from the Total Closing Costs subheading disclosed on page 2 of the Closing Disclosure, and
- The estimated amount of cash the consumer will pay at, or receive from, closing as Cash to Close. This amount is the same as the Cash to Close calculated in the Calculating Cash to Close table on page 3 of the Closing Disclosure.

Costs at Closing	
<b>Closing Costs</b>	Includes in Loan Costs + in Other Costs – in Lender Credits. <i>See page 2 for details.</i>
<b>Cash to Close</b>	Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>
CLOSING DISCLOSURE	PAGE 1 OF 5 - LOAN ID #

#### 4.9 **Alternative Costs at Closing**

Disclose the Alternative Costs at Closing table for transactions without a seller where the **Alternative Estimated Costs** at Closing table was disclosed on the Loan Estimate.

✓ Check boxes are used in order to indicate whether the amount of cash is due from or paid to the consumer at consummation.

If the Alternative Costs at Closing table is used, then the Alternative Calculating Cash to Close on page 3 of the Closing Disclosure must also be used.

<b>Costs at Closing</b>	
<b>Closing Costs</b>	Includes in Loan Costs + in Lender Credits. See page 2 for details. in Other Costs –
<b>Cash to Close</b>	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.
CLOSING DISCLOSURE PAGE 1 OF 5 • LOAN ID #	

#### 4.10 **Closing Disclosure, Page 2**

The number of items in the **Loan Costs** and **Other Costs** tables can be expanded and deleted to ensure that the Loan Costs and Other Costs tables fit onto page 2 of the Closing Disclosure.

Items that are required to be disclosed, even if they are not needed (such as Points in the Origination Charges subheading), **cannot** be deleted.

The amounts paid by the consumer, seller and others for each item are disclosed. For items paid by the consumer or seller, the amount that is paid at or before closing is also entered into the applicable columns.

To the extent that an individual item is paid by different parties to the transaction and both at and before closing, the amounts associated with an item can be entered in multiple columns.

The Loan Costs and Other Costs tables can be disclosed on two separate pages of the Closing Disclosure. When used, these pages are numbered page **2a** and **2b**.

The amounts in the Final column are calculated using the same methods that were used for the Calculating Cash to Close table on the Loan Estimate, except that the amounts used to determine the amounts are the amounts disclosed on the Closing Disclosure or determined at consummation.

When the answer to the question *Did this change?* is Yes, indicate where the consumer can find the amounts that have changed on the Loan Estimate. For example, if the Seller Credit amount changed, the creditor can indicate that the consumer should "See Seller Credits in Section L."

**Total Closing Costs**

In the Final column, Total Closing Costs is the same amount as the amount disclosed as Total Closing Costs (Borrower-Paid) on page 2 of the Closing Disclosure. When the amount in the Final column is different from the amount in the Loan Estimate column, indicate that the consumer should see the Total Loan Costs or Total Other Costs tables, as applicable, on page 2 of the Closing Disclosure.

**Increases in Total Closing Costs That Exceed the Legal Limits**

When the increase in Total Closing Costs exceeds the legal limits, disclose a statement that an increase in closing costs exceeds the legal limits by the dollar amount of the excess in the *Did this change?* column.

A statement directing the consumer to the Lender Credit on page 2 must also be included if a credit to the consumer at closing for the excess amount is provided by the creditor.

**Closing Costs Paid Before Closing**

The amount disclosed in the Loan Estimate column for the Closing Costs Paid Before Closing item is \$0. The Final column should disclose the same amount designated as Borrower-Paid Before Closing in the Closing Costs Subtotals of the Other Costs table on page 2 of the Closing Disclosure.

The image shows two tables from a Closing Disclosure form. The top table is titled "Payoffs and Payments" and has columns for "TO" (rows 01-15) and "AMOUNT". Below it is the "K. TOTAL PAYOFFS AND PAYMENTS" section. The bottom table is titled "Calculating Cash to Close" and has columns for "Loan Estimate", "Final", and "Did this change?". It includes rows for "Loan Amount", "Total Closing Costs (1)", "Closing Costs Paid Before Closing", and "Total Payoffs and Payments (2)". At the bottom of this table are checkboxes for "From Borrower" and "From Lender" and a label "Closing Costs Financed (Paid from your Loan Amount)".

**Payoffs and Payments Table may be used as a substitute to the Summaries of Transactions Table for transactions without a seller.**

## 6.2 Closing Disclosure Checklist

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- 1) Was CD provided to consumer at least three business days prior to consummation?
- 2) Do all definitions match the Loan Estimate?
- 3) Were dollar amounts rounded?
- 4) Are Loan Information items correct ?
- 5) Loan term, loan purpose, product, loan type and creditor's loan Identification number; if applicable mortgage insurance case (MIC) number
- 6) Projected payments and costs and closing (or Alternative Costs) information and descriptions match the LE?
- 7) Items that the consumer "could have shopped for, but did not" are disclosed on the Services Borrower Did Not Shop for?
- 8) Other costs are disclosed as they were on the Loan Estimate and updated properly?
- 9) Prepays and escrows are disclosed properly?
- 10) Lender credits, regardless of the reason or source, are properly included as lender credits? (if applicable, *designated as paid by others*)
- 11) Calculating Cash to Close is completed accurately and "Did this Change? Is properly explained?
- 12) Increases in total closing costs that exceed legal limits are expressed as dollar amount of excess?
- 13) For excess amounts, consumer is directed to the Lender Credit on page 2?
- 14) Closing costs paid before closing are properly disclosed?
- 15) Closing costs financed and prepays are properly disclosed?
- 16) Summaries of Transactions table (for realty purchases) contain all accurate information?



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