

**TRID: TILA-RESPA Integrated Disclosures**  
*Rules and Procedures Overview*

# Disclaimer

Information included is intended for general information purposes only and is current as October 2, 2015. It should not be considered legal advice or official guidance of BankSouth Mortgage. You are advised to consult your legal counsel and/or compliance advisors to ensure compliance with applicable laws and regulations. Any information included is intended for banks and mortgage companies with relationships with BankSouth Mortgage and should not be distributed outside your company.

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# Content Summary

The following information covers the requirements of the TILA-RESPA Integrated Disclosures rule and how BSM Direct processes are affected, including:

- Pre-disclosure requirements
- Timing requirements
- Form clarifications
- Closing process changes



# Change is Here

## Effective Date

**ALL** applications dated on or after October 3<sup>rd</sup>, 2015



*TRID does NOT allow for early adoption. ALL loan applications taken on or before October 2nd will follow the OLD forms/rules*

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# Key Changes

- ✓ Initial TIL disclosure and GFE combined into 'Loan Estimate'
  - ✓ Final TIL and HUD-1 combined into new 'Closing Disclosure'
  - ✓ NEW Pre-Disclosure requirements
  - ✓ NEW Timing requirements
  - ✓ NEW Tolerance levels for disclosed estimates
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# 6 Items that Trigger an Application

Once you have the following items, you have a full application:

**A – Address**

**L – Loan Amount**

**I – Income**

**E – Estimated Value of the Property**

**N – Name**

**S – Social Security Number**



An application can be submitted by the consumer in writing or in electronic and/or oral format.



- ❖ *Pre-Qualifying is still the **BEST PRACTICE***
- ❖ *You **CANNOT** refuse to accept the 6<sup>th</sup> piece to avoid disclosure*

# Loan Application (cont.)

- BSM Direct typically will use the date the 1003 is signed by the Loan Officer as the application date.
- If all six (6) pieces of the application are entered into BSM Direct's website prior to the Loan Officer's signature date, BSM will use the date the six (6) pieces were entered as the application date.
- If the date the LO and/or the borrower signed the 1003 is not within three (3) business days of the date of the LE, BSM Direct may request additional documentation to ensure compliance.

<b>To be Completed by Loan Originator:</b> This information was provided: <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> In a face-to-face interview</td> <td><input type="checkbox"/> By the applicant and submitted by fax or mail</td> </tr> <tr> <td><input type="checkbox"/> In a telephone interview</td> <td><input type="checkbox"/> By the applicant and submitted via e-mail or the Internet</td> </tr> </table>			<input type="checkbox"/> In a face-to-face interview	<input type="checkbox"/> By the applicant and submitted by fax or mail	<input type="checkbox"/> In a telephone interview	<input type="checkbox"/> By the applicant and submitted via e-mail or the Internet
<input type="checkbox"/> In a face-to-face interview	<input type="checkbox"/> By the applicant and submitted by fax or mail					
<input type="checkbox"/> In a telephone interview	<input type="checkbox"/> By the applicant and submitted via e-mail or the Internet					
Loan Originator's Signature <b>X</b>	Date					
Loan Originator's Name (print or type)	Loan Originator Identifier	Loan Originator's Phone Number (including area code)				
Loan Origination Company's Name <b>BankSouth Mortgage Company, LLC.</b>	Loan Origination Company Identifier <b>690971</b>	Loan Origination Company's Address <b>990 Hammond Drive, Suite 210 Atlanta, GA 30328</b>				

# TRID applies to:

Most closed-end consumer transactions secured by real property

## New covered loans:

- ✓ ALL Mortgage Loans
- ✓ Bridge loans
- ✓ Construction loans
- ✓ Loans secured by more than 25 acres
- ✓ Lot loans or vacant land loans
- ✓ Temporary loans





# TRID DOES NOT apply to:

- ✓ Reverse mortgages
  - ✓ Home-equity lines of credit (HELOCs)
  - ✓ Mortgages secured by a dwelling that is not attached real property (e.g., unattached mobile home, house boat)
  - ✓ Business purpose
  - ✓ Certain no-interest loans secured by subordinate liens made for the purpose of down payment or similar home buyer assistance, property rehabilitation, energy efficiency, or foreclosure avoidance or prevention.
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# Pre-Disclosure Restrictions

Prior to receiving the 6 specific items of information for an application, lenders may provide consumers with written estimates, but any pre-application written estimate must contain the following disclaimer below. Per the regulation this language must be at the top of the form and **MUST** be in 12pt or higher font.



***Your actual rate, payment, and costs could be higher.  
Get an official Loan Estimate before choosing a loan.***




***The closing cost estimate cannot look similar to the new LE form.***

# Pre-Disclosure Restrictions (cont.)

- ✓ Fees cannot be charged before the customer has received the Loan Estimate and indicated an 'Intent to Proceed' with the transaction except for the actual cost of the credit report.
  - ✓ The customer cannot be required to provide a check or credit card number to pay for the appraisal before they receive the Loan Estimate.
  - ✓ Delivery of the Loan Estimate to the customer cannot be contingent upon the receipt of supporting documentation from the customer, including income, debts, and asset documentation.
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# Definition of a 'Business Day'



For purposes of providing the Loan Estimate, 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.

For other purposes, including delivery of the Closing Disclosure, business day means all calendar days except Sundays and legal public holidays.

## The following are legal public holidays:

**New Year's Day**, January 1

**Martin Luther King, Jr.**, 3<sup>rd</sup> Monday in January

**Washington's Birthday**, 3<sup>rd</sup> Monday in February

**Memorial Day**, Last Monday in May

**Independence Day**, July 4

**Labor Day**, 1<sup>st</sup> Monday in September

**Columbus Day**, 2<sup>nd</sup> Monday in October

**Veterans Day**, November 11

**Thanksgiving Day**, 4<sup>th</sup> Thursday in November

**Christmas Day**, December 25

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# Loan Estimate Timing

## 3 Business Days

The Loan Estimate must be delivered, emailed, overnighted or placed in the mail within **3 business days of receiving the application.**

## 7 Business Days

The Loan Estimate must also be delivered, emailed, sent overnight or placed in the mail **NO LATER** than the 7th business day before closing.

## Closing

### Additional Timing Requirement for the Loan Estimate:

A revised Loan Estimate may not be provided on or after the date a Closing Disclosure is provided.

Save this Loan Estimate to compare with your Closing Disclosure.

### Loan Estimate

<b>DATE ISSUED</b>	2/15/2013	<b>LOAN TERM</b>	30 years
<b>APPLICANTS</b>	Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345	<b>PURPOSE</b>	Purchase
<b>PROPERTY</b>	456 Somewhere Avenue Anytown, ST 12345	<b>PRODUCT</b>	Fixed Rate
<b>SALE PRICE</b>	\$180,000	<b>LOAN TYPE</b>	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____
		<b>LOAN ID #</b>	123456789
		<b>RATE LOCK</b>	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, until 4/16/2013 at 5:00 p.m. EDT

Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT

Loan Terms	Can this amount increase after closing?	
<b>Loan Amount</b>	\$162,000	NO
<b>Interest Rate</b>	3.875%	NO
<b>Monthly Principal &amp; Interest</b> <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	NO

Does the loan have these features?	
<b>Prepayment Penalty</b>	YES • As high as \$3,240 if you pay off the loan during the first 2 years
<b>Balloon Payment</b>	NO

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206	+ 206
<b>Estimated Total Monthly Payment</b>	<b>\$1,050</b>	<b>\$968</b>

# Loan Estimate Delivery & Receipt

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

<b><u>Type</u></b>	<b><u>Description</u></b>	<b><u>Proof of Delivery</u></b>
In Person	The Loan Estimate is considered “delivered” once the disclosure has been hand delivered to the applicant.	Signed and dated copy of the disclosure.
Email	Email delivery is allowed provided it is E-Sign compliant with BankSouth approved vendor.	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.
US Mail	The document is presumed to be “delivered” the 3 <sup>rd</sup> day after it is placed in the mail. For example, if the document was mailed on Monday, delivery is presumed to occur on Thursday.	Certification of the date the disclosure was placed in the mail must be included in the file, along with a copy of the disclosure.

A disclosure that is signed and dated by the applicant(s) is considered delivered as of the date it was signed (if earlier than an “presumed” delivery date).

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# Intent to Proceed

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

- An “Acknowledgement of Intent to Proceed” form is included in the initial disclosure package, if BSM provides initial Loan Estimate. The applicants’ signatures on this form will document their intent to proceed, and no further action is required by the LO.
- If BSM Direct does not disclose the Loan Estimate, the LO is responsible for delivery of the disclosure and receipt of the documented intent to proceed.

<b>Acknowledgement of Intent to Proceed</b>	
Borrower(s):	Loan Number:
Property Address:	
Lender: <b>BankSouth Mortgage Company, LLC.</b>	Loan Originator:
The undersigned applicants hereby indicate their intention to proceed with the transaction identified in the Loan Estimate dated provided by <b>BankSouth Mortgage Company, LLC..</b>	
By signing below, I hereby acknowledge reading and understanding all of the information disclosed above, and receiving a copy of this disclosure on the date indicated below.	

# Services You Can Shop For

If the applicant is permitted to shop for a settlement service, a written list of services for which the consumer can shop must be provided no later than three (3) business days after receiving the 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.

If there is no evidence of an SSPL being given, BSM Direct will assume the applicant was not given the opportunity to shop. If the SSPL is not dated and/or there is no evidence in file reflecting it was given within three (3) business days of application, BSM Direct will assume the applicant was not given the opportunity to shop.



*For Brokered loans –To request your early disclosures go to [www.bsmdirect.com](http://www.bsmdirect.com) and click on Request Actions, Request Loan Estimate and Initial Disclosures. Here you will enter your fees. Please contact us with any questions.*

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# Change in Circumstance

A Change in Circumstance is a change that occurs after the Loan Estimate is provided that causes the fees on the disclosure to no longer be accurate.

- ✓ An extraordinary event beyond the control of any interested party or other unexpected event specific to the applicant or transaction
- ✓ Information specific to the applicant or transaction that the creditor relied upon when providing the Loan Estimate and that was inaccurate or changed after the disclosures were provided
- ✓ Receipt of new information specific to the applicant or transaction that the creditor did not rely on when providing the Loan Estimate



*Once you issue a Loan Estimate you are bound by the fees (within applicable tolerances), unless there is a valid reason for issuing a new LE and redisclosure occurs within the required time frame.*

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# Change in Circumstance (cont.)

The following are types of Change in Circumstance or reason for issuing a revised Loan Estimate:

- ✓ Change that affects settlement charges
- ✓ Change that affects eligibility
- ✓ Revisions requested by the customer
- ✓ Interest rate dependent changes (Rate lock)
- ✓ Expired Loan Estimate (Intent to Proceed Received after 10 business days)
- ✓ Delayed Settlement on Construction Loans

Copies of the initial LE and all revised LE's must be maintained in the file. In addition to the revised LE, the loan file must contain supporting documentation detailing the reason for the valid change in circumstance.



*A Loan Estimate MAY NOT be reissued and/or revised due to miscalculations or underestimations of charges.*

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# Redisclosure Timing

The revised LE must be delivered or placed in the mail 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.

**Two examples of Change in Circumstance timing requirements are below. This calendar is an example of an institution that is open on Saturdays.**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 Appraisal received with lower than expected value. LTV now exceeds 80%.	3	4	5 Last day to issue revised GFE to add MI due to new LTV.	6 A rate lock is requested by the customer.	7
8	9	10 Last day to issue revised GFE reflecting rate lock.	11	12	13	14

**Remember:** A revised Loan Estimate may not be provided on or after the date a Closing Disclosure is provided.

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# Tolerance Limitations

**“Tolerances” are the amount of change that is acceptable for a particular fee. There are 4 tolerance categories in the new rules:**

- Zero tolerance - 0% increase allowed
    - Fees paid to the lender, broker, or affiliate
    - Required services that the applicant cannot “shop” for (ex: appraisal fee, credit report, etc.)
    - Transfer taxes
  - Zero tolerance - 0% decrease allowed
    - Lender credits
  - 10% tolerance
    - Recording fees
    - Required services that the applicant can “shop” for and chooses one on the provided list, but not an affiliate (ex: closing attorney)
  - No tolerance limitations
    - Prepaid interest, hazard insurance, escrows
    - Required services that the applicant can “shop” for and chooses someone not on the provided list, unless it’s an affiliate
    - Charges paid to third parties, including affiliates, for services not required by the lender
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# Closing Disclosure Timing

- ✓ BSM Direct will deliver the Closing Disclosure to the applicant.
- ✓ The Closing Disclosure must be received no later than 3 business days before the closing date.
- ✓ If the Closing Disclosure is not provided in person, the applicant is considered to have received it three business days after it is delivered or placed in the mail (including e-mail, if they consented to receive disclosures electronically).
- ✓ Receipt of the Closing Disclosure can occur earlier than the “presumed” received date. This documentation must meet the Proof of Receipt guidelines as detailed in the Loan Estimate Delivery & Receipt section.
- ✓ BankSouth Mortgage will not allow the three (3) day waiting period to be waived.

**Closing Disclosure** This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information		Transaction Information		Loan Information	
Date Issued	4/15/2013	Borrower	Michael Jones and Mary Stone	Loan Term	30 years
Closing Date	4/15/2013		123 Anywhere Street	Purpose	Purchase
Disbursement Date	4/15/2013	Seller	Steve Cole and Amy Doe	Product	Fixed Rate
Settlement Agent	Epsilon Title Co.	File #	321 Somewhere Drive	Loan Type	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
Property	456 Somewhere Ave	Lender	Anytown, ST 12345		<input type="checkbox"/> VA <input type="checkbox"/>
Sale Price	\$180,000		Ficus Bank	Loan ID #	123456789
				MIC #	000654321

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	NO
Prepayment Penalty	YES	As high as \$3,240 if you pay off the loan during the first 2 years
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13
<b>Estimated Total Monthly Payment</b>	<b>\$1,050.26</b>	<b>\$967.91</b>

Estimated Taxes, Insurance & Assessments <small>Amount can increase over time See page 4 for details</small>	\$356.13 a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>	<b>In escrow?</b> YES YES NO
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Costs at Closing	
Closing Costs	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. See page 2 for details.
Cash to Close	\$14,147.26 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

CLOSING DISCLOSURE PAGE 1 OF 5 - LOAN ID # 123456789

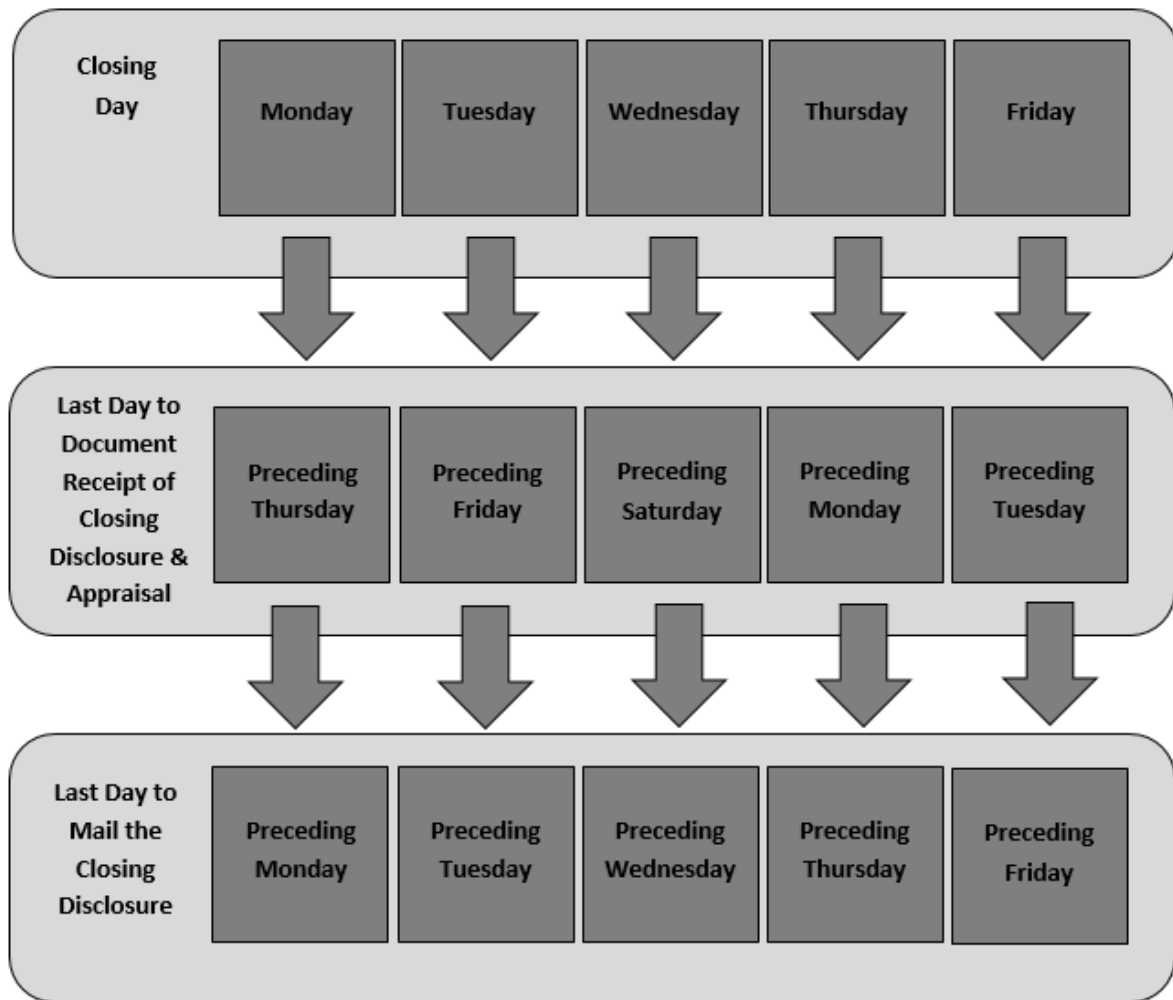
# Closing Disclosure Timing

Sun	Mon	Tue	Wed	Thu	Fri	Sat
18	19	20	21	22 *	23 **	24 **
25 **	26 ** Last date for receipt of Closing Disclosure	27	28	29 Closing Scheduled	30	1

\* Closing disclosure sent via postal or electronic mail requires no delivery acknowledgment and will be presumed to be received by the borrower 3 business days after this date.  
\*\* Closing disclosure sent via postal or electronic mail will require specific acknowledgment from borrower showing receipt no later than Monday the 26th to close on Thursday the 29th.

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# Closing Disclosure Timing



This guide can be used to determine the last day to document receipt of a closing disclosure based on the day of the scheduled closing.

This will also show the date the Closing Disclosure must be placed in the mail (or sent electronically if consent is received) to utilize the mailbox rule for presumed receipt.

*If there is a federal holiday within the timeline, add one day to the timeline.*

# Closing Disclosure Process

To ensure the Closing Disclosure is provided to the applicant within the required timeframe, BSM Direct asks that you request a Closing Disclosure **ten (10) days prior to closing**.

To request a Closing Disclosure you will need to complete the Closing Request Worksheet at [www.bsmdirect.com](http://www.bsmdirect.com)

Files must contain the following information in order for the Closing Disclosure to be prepared.\*

- Conditional Approval – Good through the Closing Date
- Closing Request Worksheet
- Title with current & future year taxes, if applicable, and attorney fee sheet, preliminary Closing Disclosure, or ALTA Settlement Statement
- Hazard insurance with sufficient coverage and deductible
- Appraisal with only clerical errors (nothing affective value or collateral qualifications)
- Proof of appraisal delivery to applicants or Signed waiver form
- MI Cert or quote with correct qualifying information
- Approved escrow holdback, if applicable
- Payoff good through closing date, if refinance
- Lock good through the closing date with correct LFCC, sales price, and loan amount

\*Additional internal conditions may apply.

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# Revised Closing Disclosure

Terms and costs must be redisclosed on the Closing Disclosure if certain changes occur to the transaction after the Closing Disclosure was first provided that cause the disclosure to become inaccurate.

Most changes will not require a new waiting period. However, there are three changes to the Closing Disclosure that require a new 3 Day waiting period:

- The APR (annual percentage rate) disclosed becomes inaccurate  
(A change greater than 1/8th in most cases)
  - The loan product changes  
(Change to what is listed in the “Product field”)
  - Prepayment penalty added  
(BankSouth Mortgage does not offer or accept any programs with a prepayment penalty)
-