

Current Process

A Borrower's Loan Application is considered complete when they have provided these **7 pieces** of information:

- Name
- Social Security Number
- Property Address
- Any other information deemed necessary by the Originator
- Estimate of Property Value
- Income
- Loan Amount

Once a Borrower has given a "complete" Loan Application, the Lender is required to provide an initial **Truth in Lending Disclosure (TIL)** and **Good Faith Estimate (GFE)** within 3 business days.

Estimated settlement fees located on the GFE are not itemized and are shown as totals in the GFE blocks. In addition, the estimate for "cash needed at closing" is not listed.

Fees paid to unaffiliated third parties that a borrower may not shop for have a **10% tolerance** (i.e. Appraisals).

Once a Borrower has received their initial disclosures, Originator may collect credit card info for eventual appraisal payment.

A final **Truth in Lending Disclosure (TIL)** is provided at least 3 business days prior to closing and a **HUD1 Settlement Statement** can be requested 1 day prior to closing.

The Closing Agent is responsible for preparing the final HUD1.

Process as of October 3, 2015

A Borrower's Loan Application is considered complete when they have provided these **6 pieces** of information:

- Name
- Social Security Number
- Property Address
- Estimate of Property Value
- Income
- Loan Amount

WHAT CHANGED:

The 7th piece, "Any other information deemed necessary by the Originator", was eliminated.

Once a Borrower has given a "complete" Loan Application, the Lender is required to provide a **Loan Estimate (LE)** within 3 business days.

WHAT CHANGED:

Initial TIL and GFE are replaced by the new Loan Estimate (LE)

Estimated settlement fees located on the Loan Estimate are individually itemized, listed alphabetically under different sub-categories, and the estimate for "cash needed at closing" is listed.

WHAT CHANGED:

"Cash needed at closing" was added to the Loan Estimate.

Fees paid to unaffiliated third parties a borrower may not shop for now have a **zero tolerance**.

WHAT CHANGED:

Fees paid for services a borrower may not shop for have zero tolerance.

Once a Borrower has received the Loan Estimate and has provided the Originator with their intent to proceed, the Originator may then collect payment information (i.e. to cover appraisal fee) and request verification documents.

WHAT CHANGED:

Originator may no longer collect payment information up front for anything other than a credit report and may no longer begin requesting verification documents until the Borrower has received the Loan Estimate and indicated the intent to proceed.

A **Closing Disclosure (CD)** must be received by the Borrower at least 3 business days prior to closing.

WHAT CHANGED:

Final TIL and HUD1 are replaced by the new Closing Disclosure and new Timing Requirements implemented.

The Closing Agent or Lender is responsible for completing the Closing Disclosure but the Lender is responsible for ensuring compliance.

WHAT CHANGED:

The HUD1 is gone and along with it the requirement of it being available only 1 day prior to closing. The new Closing Disclosure must be provided to the Borrower 3 business days prior to closing and the Closing Agent or Lender may complete it. The Lender is responsible for ensuring compliance.