

Loan Estimate Flowchart

TILA-RESPA Integrated Disclosure Rule (TRID)

- 1** Applies to most closed-end consumer credit transactions secured by real property.
- 2** Effective Date: October 3, 2015

NOTE: This document does not constitute legal advice

Additional Requirements and Prohibitions **31**

Application received, all 6 of the following: **3**

1. The consumer's name;
2. The consumer's income;
3. The consumer's social security number to obtain a credit report;
4. The property address;
5. An estimate of the value of the property; and
6. The mortgage loan amount sought.

Once the Creditor receives these 6 pieces of information, it has an Application for purposes of the requirement for delivery of the LE to the consumer, regardless of whether the Creditor collects information in addition to these 6 items. **4**

Creditors are required to act in good faith and exercise due diligence in obtaining information necessary to complete the LE and may normally rely on the representations of other parties in obtaining information. However, some information may be unknown in which case the Creditor may use estimates even if more precise information will be available by the point of consummation. When estimated figures are used, they must be designated as such on the LE. **10**

LEs must be made in good faith. Good Faith is determined by calculating the difference between the estimated charges originally provided in the LE and the actual charges paid or imposed on the consumer in the Closing Disclosure. **11**

A LE is considered to be in good faith if the creditor charges the consumer less than the amount disclosed on the LE. **13**

Generally, if the charge paid or imposed on the consumer exceeds the amount originally disclosed on the LE, it is not in good faith regardless of whether the creditor later discovers a technical error, miscalculation, or underestimation of a charge. **12**

However, a creditor may charge the consumer more than the amount disclosed on the LE in specific circumstances. **14**

Certain charges are subject to a 10% cumulative tolerance: charges for third-party services and recording fees paid or imposed on the consumer are grouped together and 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 added together does not exceed the sum of all such charges disclosed on the LE by more than 10%. **15**

Charges other than those in the 10% tolerance list are all other charges and creditors are not permitted to charge consumers more than the amount disclosed on the LE under any circumstances other than Changes Circumstances that permit a revised Loan Estimate. **16**

If the amount paid by the consumer at closing exceed the amounts disclosed on the LE beyond the applicable tolerance threshold, the creditor must refund the excess to the consumer no later than 60 days after consummation; for charges subject to the zero tolerance, any amount charged beyond the amount disclosed on the LE must be refunded to the consumer; and for charges subject to a 10% cumulative tolerance, to the extent the total sum of the charges added together exceeds the sum of all such charges disclosed on the LE by more than 10%, the difference must be refunded to the consumer. **17**

Within THREE (3) Business Days **5**

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 LE. However, if the creditor does not provide the LE, it will not have complied with the LE requirements under Reg. Z if it later consummates the transaction on the terms originally applied for by the consumer. **9**

If a consumer amends an application and a creditor determines the amended application may proceed, then the creditor is required to comply with the LE requirements, including delivering or mailing a LE within 3 business days of receiving the amended or resubmitted application. **9**

Provide /deliver the Loan Estimate (LE) **6**
Deliver the LE in person or place in the mail. **7** **8**

In addition, if the consumer is permitted to shop for settlement services, the creditor must provide the consumer a written list of services for which the consumer can shop. This list is separate from the LE but must be provided within the same timeline. **18**

Within 3 business days after receiving the consumer's application, the creditor must deliver or place in the mail the Special Information Booklet. **30**

Creditors MAY provide revised LEs in limited/specific circumstances: **21**

Certain Changed Circumstances occurring after the LE is provided to the consumer. **22**

Consumer requests revisions to the credit terms or the settlement. **23**

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. **24**

Consumer indicates an intent to proceed with the transaction more than 10 business days after the LE was originally provided. **25**

The loan is a new construction loan, and settlement is delayed by more than 60 calendar days, if the original LE states clearly and conspicuously that at any time prior to 60 calendar days before consummation, the creditor may issue revised disclosures. **26**

Generally, a revised LE must be delivered or placed in the mail no later than three business days after receiving the information sufficient to establish that one of the reasons for issuing a revised LE has occurred. **27**

A revised LE may not be provided on or after the Closing Disclosure is provided. **28**

The Creditor must ensure that the consumer receives the revised LE no later than 4 business days prior to consummation (mailed no later than 7 business days prior to consummation to allow for 3 business days for receipt). **27**

No later than the seventh business day before consummation of the transaction, the creditor must deliver or place in the mail to the consumer the LE. **19**

Consumer may modify or waive the seven-business-day waiting period after receiving the Loan Estimate if the consumer has a bona-fide personal financial emergency that necessitates consummating the credit transaction before the end of the waiting period. **20**

If there are less than four business days in between the time a revised LE would have been required to be provided to the consumer and consummation, creditors may provide consumers with a Closing Disclosure reflecting any revised charges resulting from the changed circumstance and rely on those figures (rather than the amounts disclosed on the LE) for purposes of determining good faith and the applicable tolerance. **28**

Creditors must retain copies of the LE for 3 years after consummation, date of disclosure, or date the action is taken. **29**