



BERKSHIRE HATHAWAY
HomeServices

Fox & Roach, REALTORS®

TRID 2015

TILA-RESPA Integrated Disclosures

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Today's Agenda

A look at our presentation agenda & goals for today

Recap of the Rule

Brief recap on TRID and key areas worth highlighting.



Agent Impact

How the new changes will impact your world and things you ought to consider.

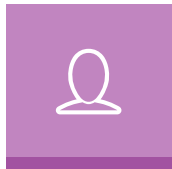
Why Partner With Us

Learn how doing business with Trident will give you the advantage for managing your business.



Key Players

Introducing the key players that make up your TRID team – here and ready to support you.



Our Process

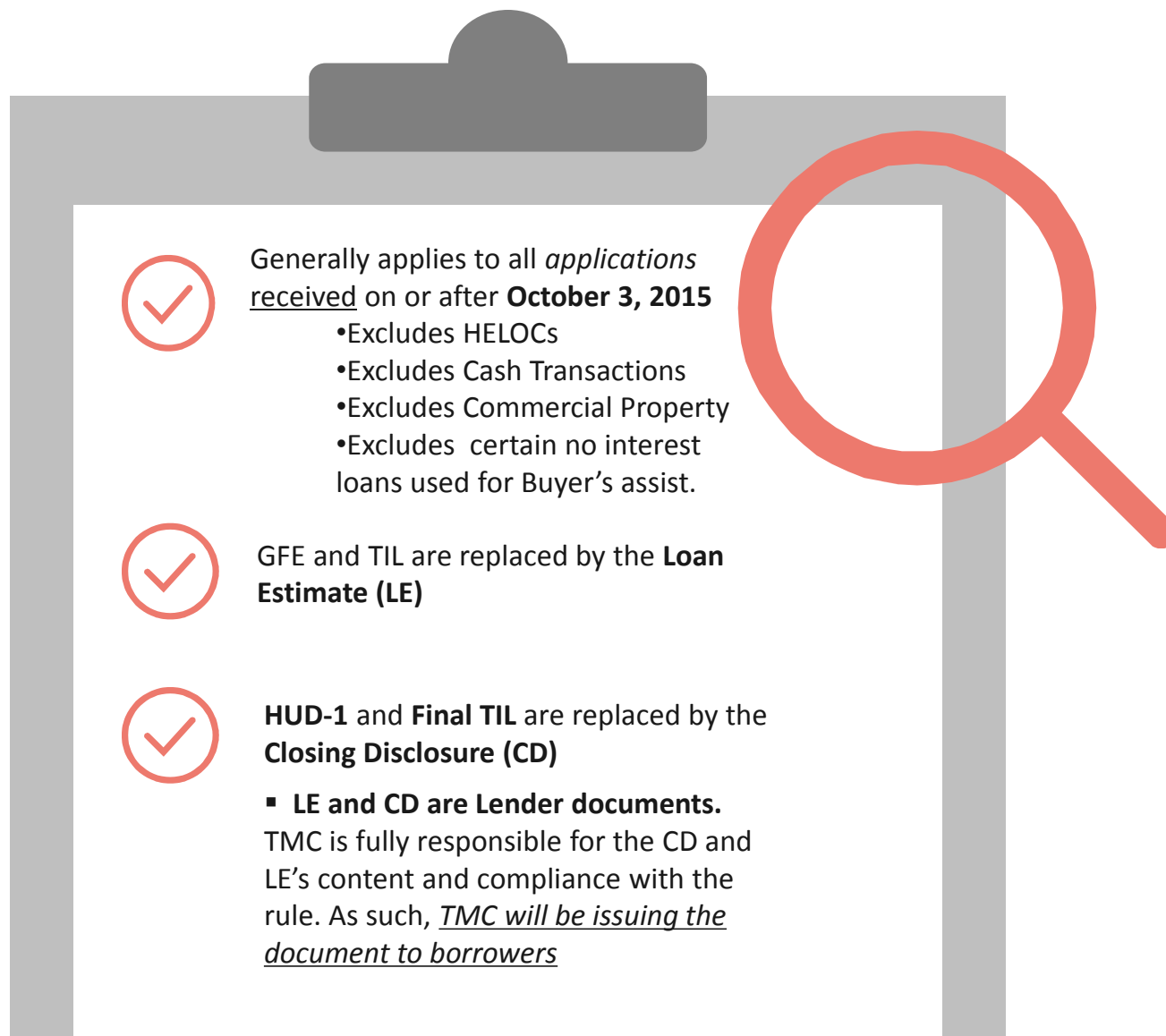
See how Trident’s unique approach to TRID will provide you with the support you need and a seamless experience.



What To Expect

Arming you with the information you need to expertly navigate the home buying process to settlement.

Summary of the Rule



Generally applies to all *applications received* on or after **October 3, 2015**

- Excludes HELOCs
- Excludes Cash Transactions
- Excludes Commercial Property
- Excludes certain no interest loans used for Buyer's assist.



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



HUD-1 and **Final TIL** are replaced by the **Closing Disclosure (CD)**

- **LE and CD are Lender documents.** TMC is fully responsible for the CD and LE's content and compliance with the rule. As such, TMC will be issuing the document to borrowers

Summary of the Rule (con't)



NO Fees (other than a credit report fee) can be charged to the borrower without first receiving an **Intent to Proceed**



All fees disclosed must have been initially disclosed in **Good Faith**, meaning fees *cannot* increase unless

- There is a valid change (i.e. changed circumstance or borrower requested), or
- Fee falls within an variance/tolerance bucket



TRID Comparison Chart

As of October 3, 2015

	Old Rule	New Rule
Who is responsible?	Settlement Agent & Lender	Lender
Definition of Application	<ul style="list-style-type: none"> ▪ Borrower's Name ▪ Income ▪ SSN ▪ Property Address ▪ Estimated Property Value ▪ Desired Loan Amount ▪ "Catch-all" Bucket 	<ul style="list-style-type: none"> ▪ Borrower's Name ▪ Income ▪ SSN ▪ Property Address ▪ Estimated Property Value ▪ Desired Loan Amount
Disclosure Forms	<ul style="list-style-type: none"> ▪ Initial TIL & GFE ▪ Final TIL/HUD-1 	<ul style="list-style-type: none"> ▪ Loan Estimate (LE) ▪ Closing Disclosure (CD)
Delivery/Receipt Requirements of Initial Disclosures	Delivery of TIL, GFE, and other docs within 3 business days of receipt of application.	Delivery of LE and other docs within 3 business days of receipt of application.
Delivery/Receipt Requirements of Closing Disclosures	Delivery of Final TIL, HUD-1, and other docs on or before closing.	Receipt of CD at least 3 business days before closing.

TRID Comparison Chart (con't)

As of October 3, 2015

	Old Rule	New Rule
Delivery/Receipt Requirements of <u>Revised</u> Closing Disclosures	Revised Final TIL, due to inaccurate APR, received at least 3 business days before closing.	Revised CD received at least 3 business days before closing if due to (i) inaccurate APR, (ii) change in loan product, or (iii) addition of a prepayment penalty.
Disclosure Delivery Methods	<ul style="list-style-type: none"> ▪ Hand Delivery ▪ Postal Service ▪ Electronic (prior consent from borrower required) 	<ul style="list-style-type: none"> ▪ Hand Delivery ▪ Postal Service ▪ Electronic (prior consent from borrower required)
Real Estate Commission and Administration Fee	Not reflected on GFE	Both appear, if known at the time of issuance, in "Other" bucket of LE.
Title Fees	Lender's and Owners' Title Premiums appear in the same location.	Lender's and Owners' Title Premiums are now separate according to servicing required and are not required by creditor.
Affiliate Fees	Generally, 10% tolerance bucket.	Generally, <u>zero</u> tolerance/variance.
Loan Features	Generally, found within the note.	Now also reflected directly on the LE and CD.

Closing Disclosure Highlights

- If closing simultaneous 1st and HELOC, both the GFE/HUD-1 and LE/CD will be used.
- Real Estate Commission and Admin Fee will be in the “Other” Section of CD.
- *Title – Owner’s Title Insurance (Optional)* also in “Other”
- *Total Interest Percentage (TIP)* is the total amount of interest paid over the life of the loan expressed as a percentage of the loan.



HUD COMPARISON CHART IS GONE – REPLACED WITH:

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.	
	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	-\$29.80	YES • You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	-\$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	-\$1,035.04	YES • See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

Ex. TIP for a \$100k loan with \$80k total interest is 80%.

Closing Disclosure Highlights (con't)

JOINT ACCOUNTABILITY AND VISIBILITY

Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

state law does not protect you from liability for the unpaid balance.

Refinance
Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

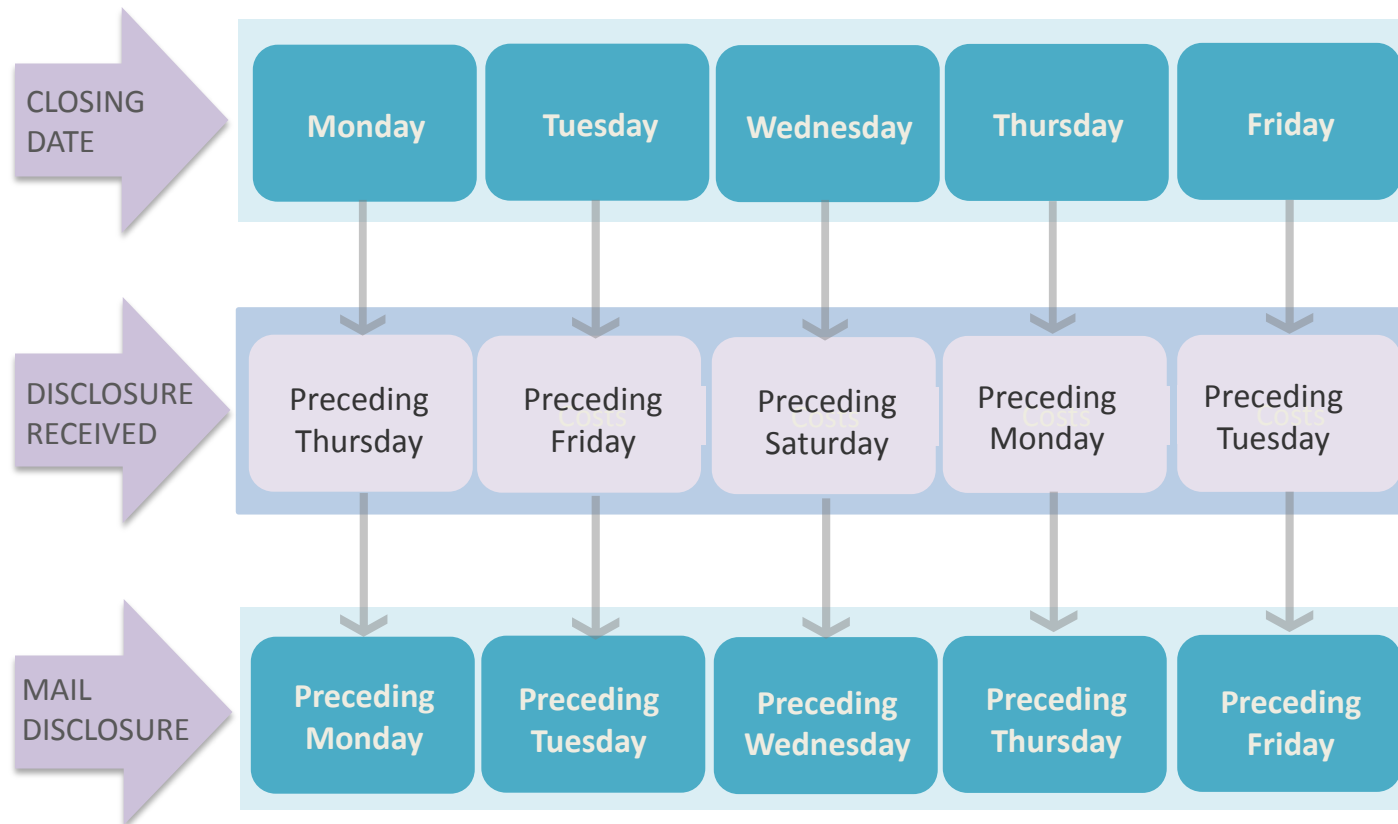
Tax Deductions
If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS ID					
ST License ID			Z765416	Z61456	Z61616
Contact	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID			P16415	P51461	PT1234
Email	joesmith@ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@epsilontitle.com
Phone	123-456-7890		123-555-1777	321-555-7171	987-555-4321



All parties to the transaction are listed on the closing disclosure.

TRID Closing Timelines



Considerations:

1. If a federal holiday falls within the 3-day period, add one (1) day for disclosure delivery.
2. The 3-day period is measured by days, not hours.
3. Disclosures may be electronically delivered on the disclosure received date in compliance with eSign requirements but must be eSigned by the buyer by midnight of such date.

AGENT IMPACT

What these new changes mean for *you and your business*

The Agreement of Sale



Negotiation

- 45 – 60 days from contract execution to close.
- Consider an additional clause for contract extensions.
- Submit transmittals and all required documentation immediately.



Mortgage Application

- Encourage buyer to make application as soon as possible.
- Advise buyer to keep all financial records together as they prepare for their move.



Walk Through

- Based on type & number of repairs required, assess timing of walk through or if both preliminary and final walk through is necessary.
- Complete walk through 3 days in advance of settlement.



Inspection

- Has property had previous offers & inspection issues?
- After inspections, obtain addendums fast.



Communication

- Stay informed through the financing process.
- Encourage buyer to submit required conditions as soon as possible to avoid delays.



Keeping the Transaction Together

Common issues that can cause settlement delays. How do we best mitigate these concerns?



Other common issues....

- HOI late policy changes
- Pro-ration of taxes
- Water & sewer readings
- 3rd party grants/financing arrangements
- Power of Attorneys

Common Situations & TRID Impact

SITUATION 1 : Sales Price / Loan Amount Decrease

Addendum to AOS provided the day before closing decreasing sales price and borrower therefore, would like to reduce loan amount. LTV not impacted.

IMPACT

Potentially. A decrease to the loan amount that results in .125% increase in the APR will require a 3 day waiting period from the date of the redisclosed CD. File also needs to be re-underwritten under the new terms.

SITUATION 2: Sales Price / Loan Amount Increase

Addendum to AOS provided the day before closing increasing the sales price and the loan amount. LTV not impacted.

IMPACT

NO. Increasing both the sales price and loan amount will not negatively impact the APR by more than .125%. File will need to be re-underwritten under the new terms. CD will need to be revised by lender.

SITUATION 3: Seller Assist

Addendum to AOS provided at closing. Seller is providing an assist of \$5,000 towards borrower's closing costs. The amount is within program tolerance.

IMPACT

NO. Seller assists (provided they are within program tolerances) do not impact the APR. File will need to be reviewed by the underwriter to ensure that seller assist tolerances are met according to program guidelines. CD will need to be revised by lender.

Common Situations & TRID Impact

SITUATION 4: Repair Escrow

Three days prior to closing, seller has not made repairs listed in AOS and wants to put \$5000 in escrow.

IMPACT

NO. Repairs escrows are not subject to TRID tolerances. However the information/repair proposal/escrow agreement is to be approved by underwriting prior to closing and may be subject to investor approval. CD will need to be revised by lender if repair escrow is permitted.

SITUATION 5: Waiving of Escrows for Tax & Insurance

Borrower decides at closing they do not want to escrow for taxes and insurance.

IMPACT

Maybe. Tax/insurance escrows do not impact TRID tolerances however a higher interest rate may be charged for non-escrowed transactions. If the APR increases by more than .125%, a new CD is required and a new three day waiting period must be observed. Re-underwriting required for the revised terms.

SITUATION 6: Loan Program Change

Soft pull (credit refresh) pulled two days prior to closing shows additional debt. Borrower now exceeds Debt-to-Income for conventional program but can qualify FHA. Loan program changed and loan now requires FHA mortgage insurance.

IMPACT

YES. Since the loan program has changed from conventional to FHA and APR has moved up by .125%, redisclosure is required and new waiting period must be observed. Loan also must be re-underwritten under the new terms which may further impact closing date.

Common Situations & TRID Impact

SITUATION 7: Walk Through

A leak was discovered under the bathroom sink during the final walkthrough. The seller would like to provide a credit for the cost of a plumber's repair.

IMPACT

NO. Seller credits (provided they are within program tolerances) do not impact the APR. File to be reviewed by the underwriter to ensure any seller credit tolerances are met. CD will need to be revised by lender at the table.

SITUATION 8: Updated Water Reading

Water reading performed day of settlement requires seller to pay for updated amount or crediting buyer additional funds.

IMPACT

NO. However, CD will need to be revised by lender at the table.

Getting to Settlement with TRID



01

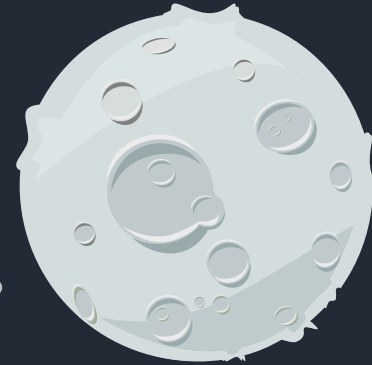
Address potential repairs as early in the process as possible.

02

Keep lender informed of changes to the contract and provide addendums well in advance of settlement to avoid delays at the table.

03

Check in on the buyers' home financing. Encourage buyer to provide documentation as soon as possible and to limit changes leading up to closing.



04

Perform final walkthrough a minimum of 3 days in advance of settlement; work this into contract terms if at all feasible.



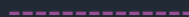
Other Important Items to Note:

- Your licensing information will be required and will be notated on the CD.
- Avoid scheduling of back-to-back closings. Although this may be optimal for the parties involved, delays may occur at closing.
- Stay patient. The new regulation is transforming the industry and industry requirements will evolve.

THANK YOU

It was our pleasure to present to you today.

We look forward to earning your business and supporting you *each step of the way.*



Questions? Please reach out to us at newdisclosures2015@foxroach.com

Disclaimer and Legal Notice

This presentation is intended solely for educational and entertainment purposes to contribute to the understanding of the 2013 Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z). This presentation does not represent legal advice. This presentation does not bind Trident Mortgage and does not create any rights, benefits, or defenses, substantive or procedural, that are enforceable by any party in any manner. All processes and procedures espoused herein are subject to change without notice. This presentation is property of Trident Mortgage Company LP ("Trident Mortgage") and is not intended for external distribution (i.e. any party not affiliated with Berkshire Hathaway HomeServices Fox & Roach Realtors and the Trident Group). All rights reserved. Any unauthorized distribution or republication without the express written consent of Trident Mortgage is strictly prohibited.
