

Announcement

Attention All Correspondent Lending Sellers:
CA 18 -054 TRID – Resetting Tolerances with the Closing Disclosure

June 08, 2018

**Subject
Summary**

Freedom Mortgage Correspondent Lending, Specialty Lending, Renovation Lending and Rural Housing are issuing the communication to provide Sellers with information on the CFPB's recent amendment to the TILA-RESPA Integrated Disclosure Rule ("TRID").

The Amendment addressed the infamous "Black Hole," which refers to the creditor's ability to reset fee tolerances and pass on increased closing costs to consumers once a Closing Disclosure is provided.

Prior to the Amendment becoming effective, a creditor was only able to reset fee tolerances once a Closing Disclosure was provided when the following timing requirements were met: (a) the revised Closing Disclosure was provided to the consumer within 3 general business days of a valid changed circumstance and (b) the revised Closing Disclosure was received by the consumer within 4 specific business days of consummation.

The Amendment eliminates the four-specific business day timing requirement and allows creditors the ability to reset fee tolerances using a Closing Disclosure when the revised Closing Disclosure is issued within three general business days of a valid changed circumstance.

As part of the Amendment, the CFPB reminded the industry that TRID requires creditors to disclose on the Closing Disclosure the actual terms of the transaction. When an actual term is not available, the creditor may estimate using the best information reasonably available to the creditor at the time the disclosure was made.

**Effective
Date**

June 1, 2018.

**Online Guide
Updates**

None

Questions

If you have questions, please contact your Freedom Mortgage Correspondent Lending/Renovation Lending Regional Manager or Rural Housing Account Executive.
