

Ralph M. Perrey, Executive Director



MEMORANDUM:

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

DATE: September 18, 2017

SUBJECT: TRID and Great Choice Plus Second Mortgage

The Consumer Financial Protection Bureau (CFPB) released a final rule in July that implements several changes to its TILA-RESPA Integrated Disclosure Rule (TRID). This includes two provisions that affect State Housing Finance Agencies' down payment assistance programs by adding additional exemptions to ease the complicated disclosure requirements. The final rule officially **becomes effective October 1, 2018**. CFPB has established a voluntary compliance period beginning 60 days after the rule is published in the Federal Register.

The final rule amends the RESPA exemption § 1026.3(h)(5) to exclude recording fees from being counted toward the one-percent limit on fees. In addition, the final rule includes a revision in exemption § 1026.3(h)(6) that will allow originators to provide borrowers with the TRID disclosures to meet their disclosure obligations for loans that qualify for the partial exemption. Currently, TRID disclosures are not allowed to be used when disclosing on a mortgage loan that meets the partial exemption. It can often be difficult for originators to produce these forms now that the TRID rule has been implemented.

Due to the above TRID revisions, **effective with loan applications dated November 1, 2017** requiring down payment assistance, the \$50.00 grant will no longer be provided to the lenders to cover the cost of recording fees associated with the second mortgage loan. Originators may use TRID disclosures (Loan Estimate and Closing Disclosure). **THDA will also make these available on our website on November 1.** Additional criteria for the partial exemption can be found in §1026.3(h). Also effective with loan applications dated November 1, 2017, the Second Mortgage Good Faith Estimate Disclosure will be discontinued.

Thank you for your continued participation in THDA's mortgage programs.

If you have any questions, please contact sfASK@thda.org or call 615-815-2100



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