

Ralph M. Perrey, Executive Director



MEMORANDUM:

TO: All Originating Agents

FROM: Rhonda Ronnow, Director of Loan Operations

DATE: October 24, 2017

SUBJECT: Additional information on TRID and Great Choice Plus Second Mortgage

As stated earlier, the Consumer Financial Protection Bureau (CFPB) released a final rule in July that implements changes to its TILA-RESPA Integrated Disclosure Rule (TRID) that affect State Housing Finance Agencies' down payment assistance programs. The final rule officially becomes effective October 1, 2018. State Housing Finance Agencies anticipate additional clarification to the rule prior to the effective date. 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 (1003) dated 11/1/2017 requiring down payment assistance, the \$50.00 grant THDA provides to the borrower will no longer be provided to the lenders to cover the cost of recording fees associated with the second mortgage loan. Originators may generate their own TRID disclosures (Loan Estimate and Closing Disclosure) for the Second Mortgage Loans or use the fillable disclosures made available on our website. THDA will also allow lenders to continue using GFE and Settlement Statements until the CFPB's effective date of October 1, 2018. These disclosures are also available on our website. Additional criteria for the partial exemption can be found in § 1026.3(h).

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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