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eNews Headline: TRID ‘Blackhole’ Disappeared July 1!

Question: What is the TRID ‘Blackhole’ and what was the fix?

Answer: Here is (or was!) the problem – only an issue in a very limited situation. As originally issued, TRID did not allow creditors to use a Closing Disclosure to reflect the revised costs if there are more than four business days between the time the revised disclosures were required to be provided and closing.

For example, if a creditor issues a CD and then discovers information which justifies revising the disclosures to reset tolerance (a changed circumstance), it must do so no later than within three business days after discovering that information. If that third business day is more than four days before closing, TRID did not allow for a revised CD and the resetting of tolerances for changes in fees.

Effective July 1 2018, there is no longer a four-business day limit for resetting tolerances with an initial CD or any revised CD. The four-business day limit is still in place with regard to a revised LE.

...snip

The Bureau proposed to allow creditors to reset tolerances using a Closing Disclosure without regard to the four-business day limit. Under the proposal, as under the current rule, to reset tolerances with a Closing Disclosure, creditors would have been required to provide the Closing Disclosure to the consumer within three business days of receiving information sufficient to establish that a reason for revision applies. Further, as under the current rule, creditors would have been allowed to reset tolerances only under the limited circumstances described in § 1026.19(e)(3)(iv).

Source: https://files.consumerfinance.gov/f/documents/cfpb_tila-respa_final-rule_amendments-to-federal-mortgage-disclosure-requirements.pdf

The CFPB outlined six specific situations in which a lender can issue a new Closing Disclosure within the four-day time period.

1. A defined set of changed circumstances that cause estimated charges to increase or, in the case of certain estimated charges, cause the aggregate amount of such charges to increase by more than 10%.
2. The consumer is ineligible for an estimated charge previously disclosed because of a changed circumstance that affects the consumer's creditworthiness or the value of the property securing the transaction.
3. The consumer requests revisions to the credit terms or the settlement that cause an estimated charge to increase.
4. Points or lender credits change because the interest rate was not locked when the Loan Estimate was provided.
5. The consumer indicates an intent to proceed with the transaction more than 10 business days, or more than any additional number of days specified by the creditor before the offer expires, after the Loan Estimate was provided to the consumer.
6. The loan is a construction loan that is not expected to close until more than 60 days after the Loan Estimate has been provided to the consumer and the creditor clearly and conspicuously states that a revised disclosure may be issued.

For the Compliance Adviser *Legal Ease* archive, click [here](#).

Compliance Tip: The commentary clarifies that issuing a revised disclosure does not open the door to change all fees for making a good faith determination. Unless the reason the cost changed is due to the situation that led to the revision (e.g. a revision requested by the borrower or a changed circumstance impacting settlement costs), the revised LE does not reset tolerances for that fee.

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