



## **Announcement 16-03**

**Date: January 15, 2016**

### **Topic: TILA RESPA Integrated Disclosures (TRID) Update**

Based on recent stipulation trends of loans closed under TRID, PennyMac has created this reminder highlighting specific delivery requirements to help ensure loans are compliant and purchased in an efficient manner.

In addition, to help correspondents address TRID related conditions, we are including a TRID Conditions matrix. This document is intended to assist clients in understanding and resolving conditions placed by PennyMac in regard to TRID requirements.

### **Incomplete Loan Calculations section on Closing Disclosure**

We continue to see instances of borrowers receiving closing disclosures (“CDs”) with inaccurate or incomplete sections, most often the Loan Calculations section on page 5 of the document. Blanks or zeros in this section result in a loan being ineligible unless the lender provides a corrected CD to the borrower at least 3 business days before consummation, per section 1026.19 of TILA:

*(ii) Changes before consummation requiring a new waiting period.*

*If one of the following disclosures provided under paragraph (f)(1)(i) of this section becomes inaccurate in the following manner before consummation, the creditor shall ensure that the consumer receives corrected disclosures containing all changed terms in accordance with the requirements of paragraph (f)(1)(ii)(A) of this section:*

*(A) The annual percentage rate disclosed under § 1026.38(o)(4) becomes inaccurate, as defined in § [1026.22](#).*

A final CD with incomplete or inaccurate information will render the loan ineligible regardless of who prepared the document and whether or not an accurate and complete CD was also provided.

### **Post Consummation Closing Disclosure**

Per section 1026.19 of TILA, if the CD provided at consummation becomes inaccurate due to events occurring after closing, it is required that a corrected final CD be provided to the borrower:

*(iii) Changes due to events occurring after consummation. If during the 30-day period following consummation, an event in connection with the settlement of the transaction occurs that causes*

*the disclosures required under paragraph (f)(1)(i) of this section to become inaccurate, and such inaccuracy results in a change to an amount actually paid by the consumer from that amount disclosed under paragraph (f)(1)(i) of this section, the creditor shall deliver or place in the mail corrected disclosures not later than 30 days after receiving information sufficient to establish that such event has occurred.*

It is the responsibility of the lender to make timely corrections to the CD where necessary and PennyMac Correspondent Group relies on clients to provide these new documents by uploading through the PennyMac portal once provided to the consumer.

### Lender Credit Itemization

Loans delivered with fees exceeding tolerances indicated under section 1026.19 are not eligible for purchase without evidence of a lender cure. One method of documenting a lender credit is illustrated by a model form provided by the CFPB:

<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>	<b>\$5,977.57</b>	
Closing Costs Subtotals (D + I)	\$5,822.57	\$655.00
Lender Credits (Includes \$200 credit for increase in Closing Costs above legal limit)	- \$500.00	

Calculating Cash to Close		Use this table to see what has changed from your Loan Estimate.		
	Loan Estimate	Final	Did this change?	
Loan Amount	\$150,000.00	\$150,000.00	<b>NO</b>	
Total Closing Costs (J)	- \$5,099.00	- \$5,977.57	<b>YES</b> - See <b>Total Loan Costs (D)</b> and <b>Total Other Costs (I)</b> - Increase <b>exceeds legal limits</b> by \$200. See <b>Lender Credits</b> on page 2 for credit of excess amount.	
Closing Costs Paid Before Closing	\$0	\$655.00	<b>YES</b> - You paid these Closing Costs <b>before closing</b>	
Total Payoffs and Payments (K)	- \$120,000.00	- \$115,000.00	<b>YES</b> - See <b>Payoffs and Payments (K)</b>	
<b>Cash to Close</b>	\$24,901.00	\$29,677.43		
	<input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower	<input type="checkbox"/> From <input checked="" type="checkbox"/> To Borrower	Closing Costs Financed (Paid from your Loan Amount) \$5,322.57	

Examples can be found at the CFPB website: <http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>

Please note that a lump sum lender credit indicated on the TRID disclosures prior to the occurrence of the tolerance violation may not be used as a tolerance cure.

Please also note that PennyMac's purchase requirements do not constitute legal advice. It is important to consult with legal counsel regarding compliance with applicable regulatory and statutory requirements.

While this communication is based on the most recent CFPB published rule and guidance, it is possible that further clarifications or other amendments may be issued that impact our policies and procedures. We will continue to announce any future, substantive changes made to PennyMac delivery requirements.

### **Resources to Help You Comply**

Please visit our updated “PennyMac TRID FAQ” document posted on [gopennymac.com](http://gopennymac.com) (Tools & Resources → Reference Guides) for PennyMac delivery requirements.

Other TRID implementation resources, such as examples of the Loan Estimate and Closing Disclosure, are available at the [CFPB’s Website](#).

[CFPB Webinars](#) provide helpful but unofficial guidance on numerous TRID implementation topics.

If you have any questions or need clarification on PennyMac’s purchase requirements related to TRID compliance not answered in the resources above, please email your inquiry to [pcgcompliancepolicy@pnmac.com](mailto:pcgcompliancepolicy@pnmac.com).