



TRID BASICS

Impac Mortgage Corp. (“Impac”) Approved Correspondents –In an effort to help navigate the challenges of TRID, Impac is dedicated to providing feedback to its business partners regarding our insights into the marketplace. Accordingly, we would like to make you aware of specific issues we have uncovered which may make loans ineligible for purchase and threaten your business.

TRID TIMING REQUIREMENTS

It is imperative that lenders follow the stringent timing requirements around sending out and receiving Loan Estimates and Closing Disclosures since there is no legitimate path to travel back in time to correct these errors.

- Loan Estimates must be delivered or placed in the mail within three (3) General Business Days of application, rate lock, and valid changes (if the lender wishes to re-baseline fees).
- Loan Estimates may not be delivered or placed in the mail on the same day as a Closing Disclosure
- Loan Estimates must be RECEIVED at least four (4) Specific Business Days prior to consummation.
- Closing Disclosures must be RECEIVED at least three (3) Specific Business Days prior to consummation.

FINANCE CHARGES

Remember the Pre-TRID Finance Charge rules regarding rescission, they are still there. Accordingly, the three (3) Business Day closing of rescission begins at the latest of three events: (1) consummation; (2) the borrower receives accurate material TILA disclosures; and (3) the borrower receives an accurate Right to Cancel form.

Please be mindful that a Post-Consummation Closing Disclosure increasing fees which affect the Finance Charge could cause rescission not to close. Many Loan Origination Systems will not recognize which Closing Disclosure was provided at consummation. If a post-consummation Closing Disclosure is issued, compliance engines may compare the figures in the system to the post-consummation Closing Disclosure creating a “Pass” when it should “Fail.”

INCREASING THE BASELINE WITH A CLOSING DISCLOSURE

Impac understands that there are many legal interpretations of TRID regarding increasing the baseline using a Closing Disclosure. Impac’s interprets TRID to only permit increasing the baseline with a Closing Disclosure in the event a previous Closing Disclosure was not issued and



there are less than four (4) Specific Business Days to consummation when the valid change occurs. Tolerance cures for fees increased on a Closing Disclosure outside this guidance must be paid to the consumer in accordance with the tolerance requirements of TRID for the loan to be eligible for purchase by Impac.

TOLERANCE VIOLATIONS

Pre-TRID, we referred to these as RESPA Tolerance Violations. Because the statutory authority was RESPA, there was no assignee liability and investors typically were not concerned. In the preamble to TRID, the CFPB provided that the statutory authority for the Tolerance Rules was among others, TILA Sections 121(d), 128(b), and 129(e) which are contained in Part B of TILA. Accordingly, there is now assignee liability for Tolerance Violations. Accordingly, tolerance cures must be paid to the consumer in accordance with the requirements of TRID for the loan to be eligible for purchase by Impac.

ELECTRONIC SIGNATURES

As a reminder, when delivering disclosures electronically, lenders are required to conform to the requirement of the E-Sign Act (15 U.S.C. 7001). This includes, but is not limited to, obtaining the consumer's consent to receive such disclosures electronically prior to delivering such disclosures electronically. Impac requires proof of compliance with the E-Sign Act for loans to be eligible for purchase by Impac.

SUMMARY

Impac views its Correspondent Sellers as extremely valuable business partners and will continue to provide additional guidance as it becomes available.