

TRID

Shopping for Settlement Services §1026.19(e): Updated

by Patti Blenden

The TILA RESPA Integrated Disclosures (TRID) rules facilitate consumer selection of service providers if an applicant is allowed or required to select the vendor. To comply with TRID, a written list must be prepared and provided in good faith to mitigate exposure to unwanted tolerance variances.

A compliant Written List of Providers (Sample Form H-27)

must include at least one provider available to perform each shoppable service in the applicable geographic area **AND** state that the consumer may choose a different provider for that service. Beware, if listing only one provider, you run the risk that provider is unavailable (e.g., retired, assignment outside of provider's market, etc.), making your list non-compliant! The written list must be submitted simultaneously, but sepa-

rately, from the Loan Estimate. Here are a few tips to help you in complying with TRID's very important shopping, tolerance calculation, and disclosure rules.

The CFPB issued proposed TRID amendments in July, 2016. We have updated this chart to reflect an important clarification impacting your good faith determination of allowable tolerances.

Creditor Action	Applicant Action	Loan Estimate: Page 2 Closing Cost Details	Tolerance	Closing Disclosure: Page 2 Closing Cost Details
Service required by Creditor Provider required by Creditor	None required	Section B: Services You Cannot Shop For	0.00%	Section B: Services Borrower Did NOT Shop For
Service required by Creditor Provider NOT required by Creditor Provider IS an affiliate of Creditor or Mortgage Broker Written list of providers compliant	Selects affiliate provider from Creditor's compliant shopping list	Section C: Services You Can Shop For	0.00%	Section B: Services Borrower Did NOT Shop For
Service required by Creditor Provider NOT required by Creditor Provider NOT an affiliate of Creditor or Mortgage Broker Written list of providers compliant	Selects non-affiliate provider from Creditor's compliant shopping list	Section C: Services You Can Shop For	10.00%	Section B Services Borrower Did NOT Shop For
Service required by Creditor Provider NOT required by creditor Written list of providers compliant	Consumer doesn't choose; Creditor selects provider from Creditor's compliant shopping list	Section C: Services You Can Shop For	0.00% if affiliated; 10.00% if an unaffiliated provider	Section B: Services Borrower Did NOT Shop For
Service required by Creditor Provider NOT required by Creditor Written list of providers compliant	Consumer selects a provider NOT on the Creditor's compliant shopping list	Section C: Services You Can Shop For	Unlimited; No tolerance!	Section C: Services Borrower Did Shop For
Service required by Creditor Provider NOT required by Creditor Written list of providers NOT compliant	Regardless of applicant's choice of provider on or not on non-compliant list, Creditor's list non-compliant	Section C: Services You Can Shop For	0.00% Note 1	Section C: Services Borrower Did Shop For
Service NOT required by Creditor Provider NOT required by Creditor	Selects affiliate or non-affiliate provider	Section C: Services You Can Shop For	Unlimited; No tolerance!	Section C: Services Borrower Did Shop For

Note 1: The CFPB issued proposed TRID amendments on July 28, 2016. Included in the proposal are many items identified as clarifications or technical changes rather than major policy changes. One of the clarifications that we feel confident to rely now, pending final amendments, is the clarification by the CFPB of the impact of a non-compliant list on shoppable services. The CFPB clarified that if a list was not provided, was non-compliant or was provided late, the otherwise 10% aggregate tolerance item would revert to 0.00% tolerance - no increases whatsoever.