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TRID Happens: Know Before You Owe

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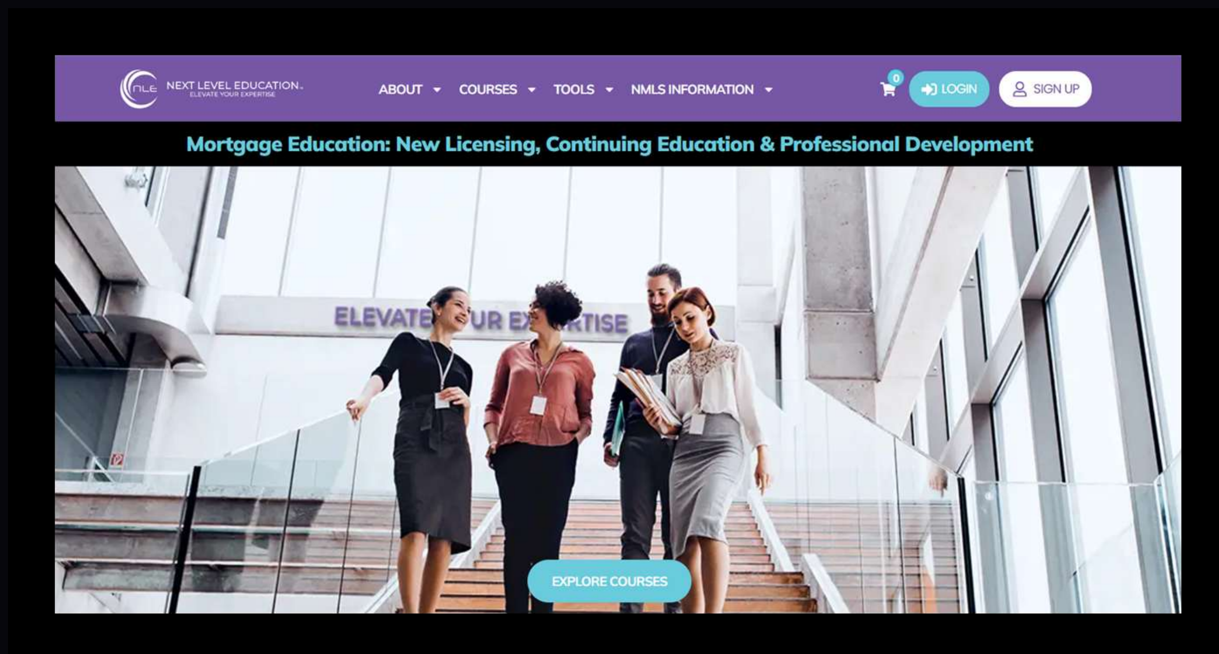
This is us!



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TRID Happens: Know Before You Owe

A comprehensive guide to understanding and applying TRID compliance in Mortgage Lending

Presented by: Next Level Education

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Sun, Feb 8
5:30 PM

Trivia Question:

What 5 schools have produced a U.S. president and a Super Bowl-winning QB?

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Meet the Team!

Debbie Gadberry, CMB

Debbie brings over four decades of mortgage banking experience across Retail, Wholesale, and Correspondent channels. She has led high-performing teams, expanded market share, and built strategic partnerships, all while staying deeply committed to mentoring and developing the next generation of mortgage professionals.

A CMB and past President of the Nashville and Tennessee MBA's, Debbie balances industry leadership with boating on her 1959 Wooden Speed Liner, snow skiing, and staying active—proof that discipline and fun can coexist.

J.R. Huber

J.R. has built high-performing teams, led through multiple market cycles, and now focuses on Advancing Home Ownership by elevating the next generation of mortgage professionals through modern training and technology.

Recently remarried, gained two more daughters, survived the Great Nashville Ice Storm of 2026, and upgraded to a bionic knee in December—so yes, I'm officially part robot (and unfortunately not through AI).

Course Outcomes

By the end of this course, you will be able to:

Summarize TRID's purpose and evolution

Understand the historical context and regulatory development

Apply "Know Before You Owe" principles

Implement consumer-focused disclosure practices

Recognize valid Change of Circumstance (COC) triggers and redisclosure requirements

Identify when revisions are necessary and compliant

Classify fees according to TRID tolerance rules

Properly categorize and track fee limitations

Detect common TRID pitfalls and propose corrective actions

Prevent violations through proactive compliance

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TRID Acronym

T = Truth in Lending

R = Real Estate Settlement Procedures Act (RESPA)

I = Integrated

D = Disclosure

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What TRID Is:

TRID = TILA-RESPA Integrated Disclosure Rule

ALTERNATIVE ACRONYMS

T= Transparency
R= Really
I= Inspires
D= Delight

ALTERNATIVE ACRONYMS

T= Tell
R= Really
I= Important
D= Details

ALTERNATIVE ACRONYMS

T= Timing
R= Really
I= Is
D= Destiny

ALTERNATIVE ACRONYMS

T= Too
R= Rarely
I= Ignored
D= Definitely

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TRID Focus Concepts

Transparency

Clear and understandable disclosures for all borrowers

Accuracy

Precise fee calculations and cost estimates

Timing

Proper delivery schedules and waiting periods

Consistency

Standardized formats across the industry

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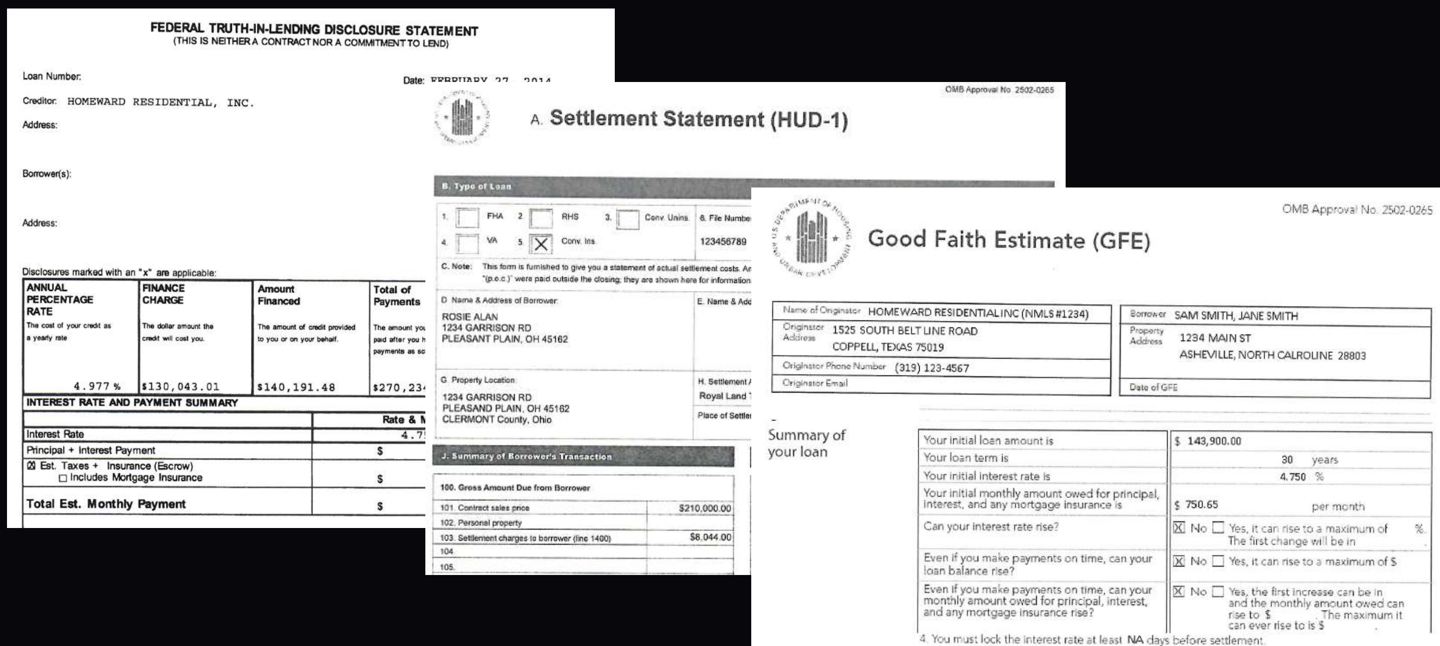
TRID HISTORY



FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT
(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

Loan Number:

Date: FEBRUARY 27, 2014

Creditor: HOMEWARD RESIDENTIAL, INC.

Address:

Borrower(s):

Address:

Disclosures marked with an "x" are applicable:

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you paid after you h... payments as sc...
4.977 %	$130,043.01	$140,191.48	$270,23...

INTEREST RATE AND PAYMENT SUMMARY

	Rate & M...
Interest Rate	4.7...
Principal + Interest Payment	$
☒ Est. Taxes + Insurance (Escrow) ☐ Includes Mortgage Insurance	$
Total Est. Monthly Payment	$

OMB Approval No. 2502-0265

A. Settlement Statement (HUD-1)

B. Type of Loan

1. ☐ FHA 2. ☐ RHS 3. ☐ Conv. Unins. 6. File Number

4. ☐ VA 5. ☒ Conv. Ins. 123456789

C. Note: This form is furnished to give you a statement of actual settlement costs. An... "(p.o.c.)" were paid outside the closing; they are shown here for information...

D. Name & Address of Borrower: ROSIE ALAN, 1234 GARRISON RD, PLEASANT PLAIN, OH 45162

E. Name & Add...

G. Property Location: 1234 GARRISON RD, PLEASAND PLAIN, OH 45162, CLERMONT County, Ohio

H. Settlement A... Royal Land T...

Place of Settle...

J. Summary of Borrower's Transaction

100. Gross Amount Due from Borrower	
101. Contract sales price	$210,000.00
102. Personal property	
103. Settlement charges to borrower (line 1400)	$8,044.00
104.	
105.	

OMB Approval No. 2502-0265

Good Faith Estimate (GFE)

Name of Originator: HOMEWARD RESIDENTIAL INC (NMLS #1234)

Originator Address: 1525 SOUTH BELT LINE ROAD, COPPELL, TEXAS 75019

Originator Phone Number: (319) 123-4567

Originator Email

Borrower: SAM SMITH, JANE SMITH

Property Address: 1234 MAIN ST, ASHEVILLE, NORTH CALROLINE 28803

Date of GFE

Summary of your loan

Your initial loan amount is	$ 143,900.00
Your loan term is	30 years
Your initial interest rate is	4.750 %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	$ 750.65 per month
Can your interest rate rise?	☒ No ☐ Yes, it can rise to a maximum of %. The first change will be in
Even if you make payments on time, can your loan balance rise?	☒ No ☐ Yes, it can rise to a maximum of $
Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	☒ No ☐ Yes, the first increase can be in and the monthly amount owed can rise to $. The maximum it can ever rise to is $.

4. You must lock the interest rate at least NA days before settlement.

Engagement Question

Which of these would make you want to nap?

Reading old TIL forms	Understanding GFE
Comparing HUD-1 to TIL	All the above

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Engagement Question

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From Confusion to Clarity

TRID was designed to simplify and modernize mortgage disclosures

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The Pivot Point: 2008 Financial Crisis

The housing crash exposed confusing disclosures, unexpected fees, and borrower harm. TRID was created as a long-term solution to protect consumers.

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How TRID Became Law

1. **Research & testing: 2010–2011**
   Extensive consumer testing and research phase
2. **Public comment period: 2012**
   Industry feedback and stakeholder input
3. **Final rule issued: 2013**
   CFPB published comprehensive regulations
4. **Implementation date: October 3, 2015**
   Industry-wide compliance deadline

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Key Milestones

1. **2010: CFPB created under Dodd-Frank**
   Consumer Financial Protection Bureau established

2. **2011–2012: Know Before You Owe testing**
   Consumer research and form development

3. **2013: Final TRID rule published**
   Comprehensive regulations released

4. **2015: Industry-wide implementation**
   Mandatory compliance begins

5. **2017: TRID 2.0 amendments**
   Refinements and clarifications issued

Implementation Challenges & Successes

Challenges

- ❑ Early software and timing challenges
- ❑ Increased training requirements

Successes

- ❑ Improved borrower understanding and confidence
- ❑ Ongoing shift toward digital delivery and automation

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Why "Know Before You Owe" Still Matters

Focuses on borrower understanding

Empowering consumers with clear information

Simplifies complex mortgage terms

Making technical concepts accessible

Combines four disclosures into two

Streamlining the documentation process

Supports informed decision-making

Enabling better financial choices

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Why Know Before You Owe Still Matters

Builds borrower confidence

Transparent disclosures create trust in the lending process

Reduces last-minute surprises

Early disclosure prevents closing day confusion

Protects lenders through documentation

Proper records demonstrate compliance

Reinforces fair lending compliance

Supports equitable treatment of all borrowers

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The Future of TRID

Continued CFPB guidance updates

Ongoing regulatory clarifications and interpretations

Increased automation

Technology-driven compliance solutions

Growth of eClosings and digital disclosures

Paperless transactions becoming standard

Evolution with borrower expectations

Adapting to changing consumer preferences

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Overview of TRID Requirements

1

Loan Estimate (LE) provided within 3 business days of application

Initial disclosure timeline requirement

2

Closing Disclosure (CD) delivered at least 3 business days before closing

Final disclosure waiting period

3

Waiting period required for major changes

Additional time for significant revisions

4

No upfront fees before LE (except credit report)

Fee collection restrictions

5

Fee tolerance limits enforced

Accuracy requirements for cost estimates

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Loan Estimate (LE)

The Loan Estimate consolidates the former GFE and TIL into a single, standardized disclosure that clearly outlines loan terms and estimated costs.

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Regulation of Borrower Fees Under RESPA

LE considered received 3 calendar days after mailing

Delivery timing assumption

Regulation X restricts fees before LE issuance

Pre-disclosure fee limitations

Credit report fee permitted

Allowed upfront charge

Additional fees allowed only after intent to proceed

Borrower authorization required

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Regulation X Fee Restrictions

Lenders may not charge appraisal or settlement fees as a condition of providing a Loan Estimate until the borrower receives the LE and indicates intent to proceed.

The lender is prohibited from charging additional fees until the loan applicant has:

- ❑ Received the Loan Estimate
- ❑ Indicated an intent to proceed with the loan described therein

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Rate Locks and TRID

- Revised LE or CD required for rate lock changes
- Revisions must meet tolerance and documentation standards 12 C.F.R. §1026.19(e)(3) 1026.19(e)(3)
- Prompt disclosure required under TILA
- Ensures transparency and Protects borrowers from Unexpected rate adjustments

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Disclosure Requirements for Rate Locks

Rate lock terms must be clearly disclosed

Transparent communication of lock conditions

LE must indicate locked or floating status, expiration, and fees

Complete rate lock information required

Enables borrowers to compare offers

Facilitates informed shopping decisions

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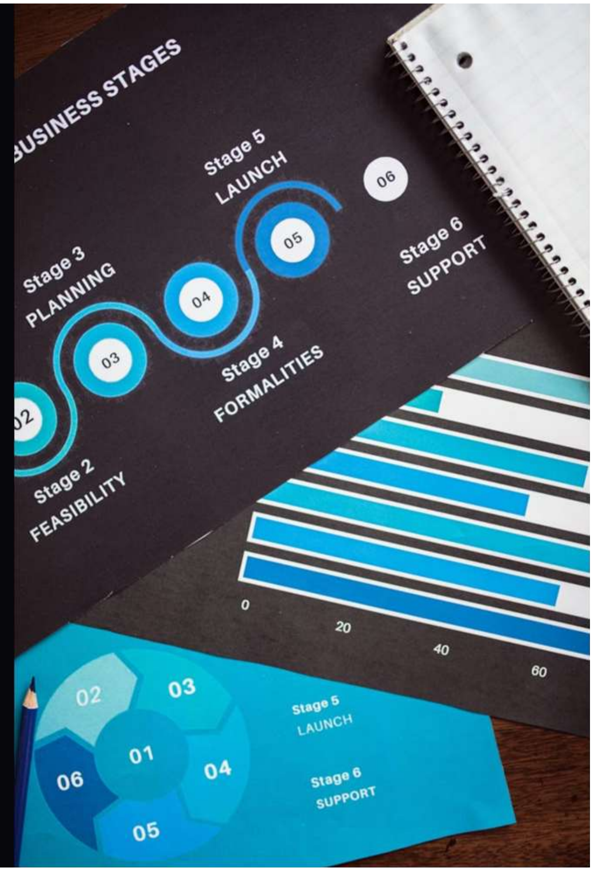
Tolerance Categories

Fees are grouped into 3 tolerance categories for LE-to-CD comparison

Category	Tolerance Limit	Examples
Zero Tolerance	Connot increase at all	Lender/Originator fees, transfer taxes, fees paid to lender-required providers borrower cannot shop for (e.g., appraisal)
10% Cumulative Tolerance	Total of these fees cannot increase by more than 10%	Third-party services borrower can shop for but selects from the lender's list (title, recording).
No Tolerance (Variations Permitted)	Can change freely if disclosed accurately.	Escrows, prepaid interest, homeowner's insurance, etc.

Changed Circumstances and Tolerances

- **Purpose**: Ensure borrowers receive accurate, transparent mortgage cost info.
- **Changed Circumstance**: Event impacting the original Loan Estimate (LE).
- **Action**: Lender must issue a revised LE within 3 business days or update the Closing Disclosure (CD) to reflect adjusted fees and maintain tolerance compliance.



Cost Disclosure Requirements

CD finalizes loan terms and costs

Final disclosure of all transaction details

Changes allowed only for justified circumstances

Valid reasons required for modifications

Exceeding tolerances without justification is a violation

Compliance failure with regulatory consequences

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Loan Estimate Timing

- Loan Estimate (LE) must be delivered within 3 business days of a complete loan application (12 C.F.R. §1026.19(e); §1026.2(a)(3)(ii))
- Provides a clear summary of estimated costs and loan terms early in the process
- Helps borrowers make informed decisions and compare offers
- Late delivery = TILA violation, risks borrower confusion

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Truth in Lending Act (TILA)

Federal law enacted in 1968 to promote informed use of credit and protect consumers from predatory practices.

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The 3/3/10 Rule

3

LE within 3 business days of application

Initial disclosure deadline

3

CD at least 3 business days before closing

Final disclosure waiting period

10

10 days recommended internal preparation buffer

Best practice timing cushion

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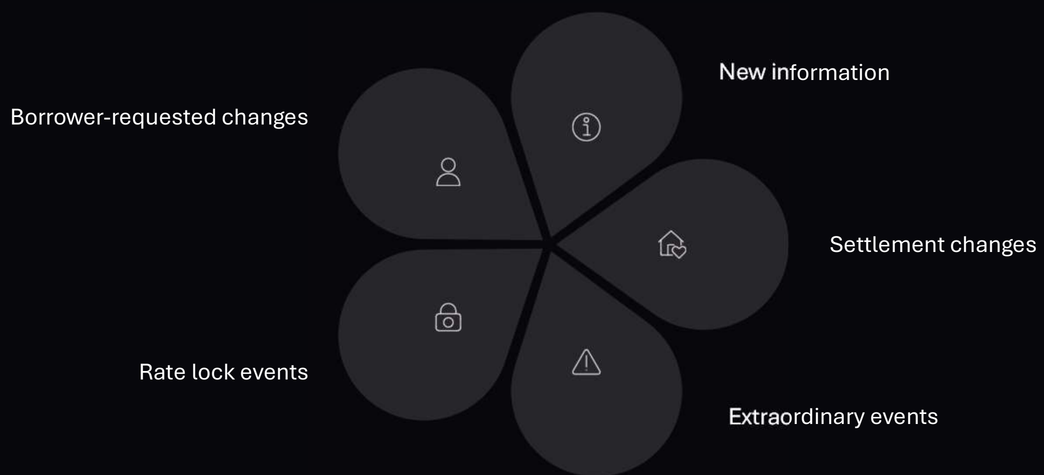
Change of Circumstance (COC)

Valid triggers include borrower-requested changes, new information, settlement changes, extraordinary events, and rate lock events.



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Invalid COC Triggers

Clerical or system errors

Internal mistakes do not qualify

Lender delays

Processing slowdowns are not valid

Oversights or forgotten steps

Operational failures don't justify changes

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COC Best Practices

Document immediately

Record the changed circumstance as soon as identified

Reissue LE within 3 business days

Meet regulatory timing requirements

Retain documentation

Maintain complete audit trail

Communicate clearly with borrower

Explain changes and reasons transparently

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Tolerance Management

Track fees from LE to CD

Monitor all cost changes throughout the process

Run tolerance reports

Regular compliance checks and analysis

Maintain COC checklists

Systematic documentation procedures

Train staff on rate locks

Ensure team understanding of requirements

Keep TRID cure logs

Track and resolve tolerance violations

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Closing Disclosure Best Practices

- **Issue CD at least 3 business days before closing**
  Comply with mandatory waiting period
- **Confirm fee accuracy and calculations**
  Verify all numbers before delivery
- **Redisclose only when required**
  Avoid unnecessary revisions that delay closing
- **Maintain consistent data sources**
  Ensure information accuracy across systems
- **Keep Communication Open**

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Documentation and Audit Readiness

Strong documentation supports compliance, audits, and regulatory examinations

What to Keep	Retention Period	Why It Matters
Original and all revised Les and CDs	5 year after consummation	TRID requires to prove compliance
COC documentation and evidence	5 years	To demonstrate legitimate reasons for revised disclosures
Fee cure evidence	5 years	Protects against examiner and borrower claims

Common TRID Pitfalls

Late revised LEs
Missing 3-day redisclosure deadline

Failure to reset tolerances
Not adjusting limits after valid COC

Misclassified fees
Incorrect tolerance category assignment

Missing COC documentation
Inadequate justification records

Late fee cures
Delayed correction of tolerance violations

LE and CD mismatches
Inconsistent data between disclosures

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TRID Trouble

Actual damages

Compensation for borrower harm

Statutory damages of $400–$4,000 per borrower

Mandatory penalties for violations

Potential rescission rights

Borrower ability to cancel transaction

Compliance failures are costly

Financial and reputational consequences

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When the CFPB Shows Up (and It's Not for Coffee)

Civil money penalties

$5,000–$32,000 per violation / Reckless/knowing violations: up to $1 million per day!

Refunds and restitution

Compensation to affected borrowers

Policy revisions

Required changes to procedures

Mandatory corrective actions

Supervised compliance improvements

Late LE → Refunds + fines

CD errors → Fee reimbursements + policy revisions

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TRID in Practice

Transparency, reliability, integrity, and diligence build trust and prevent costly errors

Why It Matters:

- Builds trust with borrowers
- Ensures clarity in lending
- Prevents costly errors and penalties
- Strengthens our reputation

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Introduction to TRID Violations

Violations may involve TILA, RESPA, servicing, or data-reporting failures identified by regulators

Regulatory Insight: Top-Cited TRID/Regulation Z Violations (2023)

Source: Federal Reserve, Consumer Compliance Outlook, 4th Issue 2024

According to the Federal Reserve's *Consumer Compliance Outlook* (4th Issue 2024), the top-cited violations under Regulation Z—which implements TILA and underpins TRID—in 2023 included incorrect disclosure of finance charges on Closing Disclosures and inaccurate identification of settlement service providers.

While these findings do not reference a specific case or fine amount, they provide a clear signal of where regulators are finding problems within TRID-type disclosures.

For teams working in origination and disclosure, these issues serve as red flags, highlighting the need to build robust controls around finance charge calculations and provider identification.

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Case Study 1: Data Reporting

In June 2024, the Consumer Financial Protection Bureau (CFPB) filed a proposed order requiring a Mortgage Corporation to pay a $3.95 million penalty for submitting inaccurate mortgage-loan data in violation of the Home Mortgage Disclosure Act (HMDA) — and a prior consent order.

The CFPB found the Mortgage company 2020 data submission contained widespread errors across multiple reporting fields — with some reports showing over 150,000 errors. The investigation revealed system and compliance-management failures, indicating that internal controls and oversight processes were not sufficient to ensure data accuracy.

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Case Study 2: Servicing Violations

Servicing/Foreclosure –Practice Violation by a Mortgage Servicer

On August 21, 2024, the CFPB entered a consent order with a mortgage servicer for alleged violations of TILA, RESPA, and the Homeowners Protection Act (HPA).

Alleged Misconduct Included:

- Initiating foreclosure while borrowers' loss-mitigation applications were still pending.
- Failing to provide accurate and timely information about private mortgage insurance (PMI) termination and refunds.
- Mis-charging or miscalculating late fees.

Enforcement Actions:

- $3 million in consumer redress.
- $2 million civil penalty.
- Approximately $2 million invested to update internal systems and processes.

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Case Study 3:Improper Fees Disclosed on the Closing Disclosure

In a recent federal case (*Borrowers v. a settlement services company*, Middle District of Pennsylvania, No. 4:23-CV-01652), plaintiffs who were refinance borrowers alleged that improper fees, specifically a $225 notary fee, were disclosed on the Closing Disclosure.

- The plaintiffs sought class treatment, and the court issued a memorandum opinion on February 16, 2024, addressing the complaint and a motion to dismiss.
- This case is relevant to TRID because the claims arise from charges listed on the Closing Disclosure and how fees were presented or charged.
- The opinion also discusses the Closing Disclosure and the Loan Estimate conceptually when analyzing the claims, offering insights into how courts may interpret compliance with TRID requirements.

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Case Study 4: Appraisal Fees

Borrowers v. Appraisal Management company – Class Action Complaint (Superior Court of California, Stanislaus County)

State-court class action complaint (filed in or around 2024/2025) alleging that a lender and appraisal management companies charged borrowers inflated or hidden appraisal and "management" fees that were not transparently disclosed on the Loan Estimate or Closing Documents. The complaint asserts claims of deceptive and unfair practices, unjust enrichment, and seeks class relief.

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