

# LENDERS UPDATE™

## ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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## **TRID: A SMALL CHANGE, A BIG DIFFERENCE**

2013, the CFPB issued the TILA-RESPA Final Rule. The Supplementary Information to the TILA-RESPA Final Rule (2013 Supp. Information) contained a typographical error. On February 10<sup>th</sup> the CFPB issued a correction of this typo in the Federal Register, specifically, on page 79829 of Volume 78. In the sentence containing “property insurance premiums, property taxes, homeowner's association dues, condominium fees, and cooperative fees,” the phrase “are subject to tolerances” was incorrect. It should have read, “are not subject to tolerances.”

Regulation Z, Sec. 1026.19(e)(3)(iii) is titled “Variations permitted for certain charges” and lists certain charges, including property insurance premiums, “[a]mounts placed into an escrow, impound, reserve, or similar account,” and “[c]harges paid for third-party services not required by the creditor” which are in the category of charges not subject to tolerance. Property taxes, homeowner's association dues, condominium fees, and cooperative fees are also all “[c]harges paid for third-party services [not required by the creditor]. Therefore, “property insurance premiums, property taxes, homeowner's association dues,

condominium fees, and cooperative fees,” should also read “are not subject to tolerances.”

*Small change, big difference!*

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