

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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NEW TILA-RESPA DISCLOSURE FAQs

The CFPB has released new FAQs clarifying several issues regarding corrected Closing Disclosures and the 3 day waiting period before consummation. These FAQs may be found in full at:

[https://www.consumerfinance.gov/policy-compliance/guidance/tila-respa-disclosure-rule/tila-respa-integrated-disclosure-faqs/#corrected-closing-disclosures.](https://www.consumerfinance.gov/policy-compliance/guidance/tila-respa-disclosure-rule/tila-respa-integrated-disclosure-faqs/#corrected-closing-disclosures)

Briefly, the first FAQ clarifies the conditions under which a consumer is entitled to a new Closing Disclosure at least 3 days prior to consummation. The answer briefly is, a) if the APR becomes inaccurate, b) the loan product information becomes inaccurate or c) a prepayment penalty is added. Other changes do not require a new 3 day waiting period.

The second FAQ addresses the question of whether or not a new closing disclosure and waiting period are required if the original disclosed APR was overstated. The answer depends on whether the overstated APR previously disclosed on the Closing Disclosure is accurate or inaccurate under Regulation Z. If the overstated APR is accurate under Regulation Z, the creditor must provide a corrected Closing Disclosure, but the creditor is permitted to provide it at or before consummation without a new 3 business day waiting period. If the overstated APR is inaccurate under Regulation Z, the creditor must ensure that a consumer receives a corrected Closing Disclosure at least 3 business days before the loan's consummation (i.e., the inaccurate APR triggers a new 3 business day waiting period).

The final FAQ addresses the question of whether the Economic Growth, Regulatory Relief and Consumer Protection Act affects the timing for consummating a transaction if a creditor is required to provide a corrected Closing Disclosure. There has been some discussion on this issue but the answer provided by the FAQ is, no. The requirements remain the same.

We suggest a full review of the complete FAQs.

ABOUT ALT & ASSOCIATES

Alt & Associates publishes the *Lenders Update* via e-mail as a complimentary service to our friends and clients in the financial industry throughout California and the United States. Over the past three decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their business operations. Legal counsel provided to the mortgage industry includes, but is not limited to:

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You may direct any questions or comments directly to:

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