



**WHEDA**

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**Lender Update 2016-08**

*August 9, 2016*

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**In this Update:**

**1. TRID - Common Findings (NEW)**

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**TRID - Common Findings (NEW)**

After 9 months into the new TRID disclosures, WHEDA would like to share some of our most frequent regulatory compliance findings to help you avoid curative actions on your loan submissions. Below is a recap of the repetitive errors that we have seen in our audits:

- Failure to issue a revised Loan Estimate (LE) when the 1<sup>st</sup> and 2<sup>nd</sup> mortgage, if applicable, is rate locked.
- Issuing an Easy Close LE with incorrect interest rate.
  - The Easy Close Interest rate should mirror the 1<sup>st</sup> mortgage interest rate
  - The interest rate cannot be corrected using the Closing Disclosure.
- Failure to issue a Loan Estimate within 3 days of a complete application when the property address is known, regardless of whether the lender is in receipt of a signed and accepted Offer to Purchase.

As a reminder, the 6 elements of an application are:

- Consumer's Name
- Consumer's Income
- Social Security Number
- Property Address
- Estimate of Value of Property
- Loan Amount
- Increasing the fees listed in Section A and B of the Loan Estimate
  - Fees in Section A and B are subject to Zero Tolerance
  - They cannot be increased unless there is a legitimate "Change In Circumstance"
- Missing of all versions, the initial, the final and the seller's version, of the Closing Disclosure in the Closing Package
  - The initial version is used to verify the borrower received the Closing Disclosure 6 business days before closing or 3 days if the initial Closing Disclosure was hand-delivered and signed.
  - If the Closing Disclosure is hand delivered, some type of verification is needed to verify the date the borrower received the disclosure. This can be a signature line on the disclosure or a statement signed and dated by the borrower that they have received the disclosure.
- Assessing unallowable fees, including interest, and disclosing estimates for taxes and insurance on an Easy Close loan
  - The only allowable fee is the recording fee.
  - There is no closing interest because the first payment due date is 30 days from the Note date.
  - Easy Close disclosures do not need to disclose estimates for taxes and insurance.
- The loan originator's name across all mortgage loan documents does not match the NMLS database.
- Excluding the assignment of mortgage recording fee as a prepaid finance charge



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- The recording fee must be included as a prepaid finance charge when calculating the APR

WHEDA continues to revise the [TRID FAQs](#) on the Getting Started page of our website