



# KEEPING THE TRID TRAIN ON SCHEDULE: THE LOAN ESTIMATE (LE)

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## Loan Estimates (LE) Replace Early Truth-in-Lending (TIL) and Good Faith Estimates (GFE)

The LE provides a summary of key loan terms and estimates of loan and closing costs, including the borrower's "cash to close" requirement. The borrower can use the LE to comparison shop loan products.

The process is fairly straightforward. In fact, in my consultations, we are finding that for most Lenders the new process to deliver the LE is very much the same as the process used to currently deliver the GFE; only the form has changed.

- The borrower makes application\*
- Within three business days\*\* after the receipt of the application, the Lender or Broker provides the LE to the Borrower.
  - If the LE is not provided in person:
    - It must be mailed by the Lender or Broker no later than three days\*\* after application
    - If the closing timeframe is short, the Lender or Broker also has to make sure the LE is in the mail AT LEAST 7 days before closing. This, of course, is hardly ever a concern!
- The Lender or Broker must re-issue the LE within three business days of a change in the loan terms.

It's important to understand the definition of application and how to figure out the three-business-day timeframe.

\*Under the new rules, an application is considered complete when the lender has the following six pieces of information:

- 1) Borrower's Name
- 2) Income
- 3) Social security number
- 4) Property Address
- 5) Estimated value of property
- 6) Mortgage Loan Amount Sought

**application**  [ap'li kā'shən]

**business-day**

Once these items are received, the LE must be provided to the Consumer within three business days. Note that the definition of "application" does NOT include the old catch-all phrase that included "any other information deemed necessary by the loan originator." The rule does not prevent a creditor from collecting whatever additional information the lender deems necessary in connection with the request for credit; however once the creditor has received the six pieces of information, the lender has an application for the purposes of the Rule and must issue the Loan Estimate within three days.

\*\*A "business day" for purposes of delivering the LE is any day the post office is open and Saturday if the lender's office is substantially open to the public with lending services.

Watch your inbox for more TRID details in the coming days and weeks! If you have any questions on today's topic, please [email me](#).

Best regards,



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