

Frequently Asked Question and Answer
December 1, 2015

Question

Under the Know Before you Owe/TRID rules we have an applicant that does not have an accepted offer but does have a particular property in mind and chose to provide that address to the institution. Would that be considered having the property address for an application and therefore trigger the requirement to disclose a Loan Estimate?

Short Answer

Yes, if the applicant provides the institution with a property address, the information is considered to be received and therefore so long as the institution has the other five required pieces of information it will be required to disclose the Loan Estimate within three business days.

Long Answer

For purposes of the TRID rules, an “application” is defined by §1026.2(a)(3) to be a submission of financial information for the purposes of obtaining an extension of credit that includes six required pieces of information: the consumer’s name, the consumer’s income, the consumer’s social security number, the property address, an estimated value of the property, and the mortgage loan amount sought.

If the applicant provides the institution with a property address, the information is considered to be received by the institution for application purposes. Per the official commentary for §1026.2(a)(3), once an institution has received the six required pieces of information, an application has been received under Regulation Z.

Per the official commentary to §1026.19(e)(2)(iii), an institution may not require an applicant to provide supporting documentation prior to issuing a Loan Estimate. There have been many cases in which institutions have asked us whether they can require the applicant to provide them with a purchase and sale agreement prior to issuing the Loan Estimate and considering the application completed. Under the new TRID rules, the institution may no longer have the option to have an applicant provide more documentation in order to have an application. Once the institution receives the six pieces of information, it has an application, and must issue the Loan Estimate within three business days. This is required even if the information is only provided orally.

If you have any questions or need assistance with a TRID review for your institution, please contact Brian Shea at bshea@wolfandco.com or Erica Torres at etorres@wolfandco.com.