

# Genworth Mortgage Insurance and TRID

*TILA-RESPA Integrated Disclosure*

November 2, 2015

## Frequently Asked Questions

### Overview

The Dodd-Frank Act required the CFPB to propose regulation that combines RESPA-TILA disclosures (GFE, TIL, HUD-1). The proposed rules were released July 2012, and on November 20, 2013, the CFPB issued the final Rule. The effective date of the Rule is October 3, 2015.

The Good Faith Estimate (GFE) and the initial Truth-in-Lending disclosure (initial TIL) have been combined into a new form, the **Loan Estimate (LE)**. The Loan Estimate form is designed to provide disclosures that will be helpful to consumers in understanding the key features, costs, and risks of the mortgage loan for which they are applying, and must be provided to consumers no later than the third business day after they submit a loan application.

The HUD-1 and final Truth-in-Lending have been combined into another new form, the **Closing Disclosure (CD)**, which is designed to provide disclosures that will be helpful to consumers in understanding all of the costs of the transaction. This form must be provided to consumers at least three business days before consummation of the loan.

### FAQs

#### **Q: Where do I disclose MI on the LE and CD?**

A: MI will be disclosed in at least one of the following locations:

- Projected Payments – Payment Calculation
- Loan Costs – B. Services You Cannot Shop For
- Other Costs – F. Prepays
- Other Costs – G. Initial Escrow Payment at Closing

#### **Q: What is a triggering event? When completing the 'Projected Payments' section, how should I disclose MI payments over time?**

A: A triggering event occurs when a lender must terminate MI under applicable law. Declines in MI premiums are not considered a triggering event. The lender should use the date on which automatic cancellation occurs, even if the borrower may cancel the insurance earlier.

#### **Q: Does the lender have an obligation to send a revised LE if the MI amount changes?**

A: With BPMI Zero Monthly, no payment will be due at consummation. Therefore the MI premiums should not be disclosed as a closing cost on page 2 of the LE or CD. If the creditor is providing a revised LE because a cost unrelated to MI has changed, the creditor should also then re-disclose any MI premium rate change.

## TRID FAQ - continued

**Q: What types of MI fall under the 0% tolerance cost?**

A: Any BPMI payment that is not escrowed must be disclosed on the LE and CD, and is subject to 0% tolerance. BPMI Single Premium, the Annual Premium due at closing, the non-escrowed portion of Monthly, and the upfront portion of BPMI Split Premium are subject to 0% tolerance.

**Q: Do any types of MI fall under the 10% tolerance cost?**

A: No.

**Q: What types of MI fall under the no tolerance cost (best info available)?**

A: Any MI payment that is escrowed, including BPMI Monthly or Zero Monthly, the monthly portion of Split Premium, the escrowed annual portion of Annual Premium, and any Lender Paid MI (LPMI), is NOT subject to a tolerance rule. These MI premiums must be based on best information reasonably available, but are otherwise not subject to tolerance limitations.

**Q: Has the new definition of a loan application changed anything for how I do business with Genworth?**

A: No.

**Q: Where do I disclose LPMI?**

A: LPMI does not need to be disclosed on the LE. But it will need to be disclosed on the CD as follows:

- LPMI Single and LPMI Split premium paid at consummation must be disclosed on page 2, section B. "Services Borrower Did Not Shop For" as "Paid by Others."
- LPMI Monthly or Annual premium payment made at consummation disclosed on page 2, section F. "Prepays" as "Paid by Others."

**Q: If the LE initially includes Monthly BPMI, but then switches to a Single Premium MI premium plan, does the creditor need to re-disclose?**

A: Yes. You will need to issue a revised LE within three business days of receiving "information sufficient to establish" that the borrower has opted for BPMI Single and disclose that under section B. "Services You Cannot Shop For." However, if the initial LE includes the BPMI Single, and then the borrower opts for Zero Monthly, the opposite is not true. The creditor does not need to re-disclose.

**Q: Will Genworth still offer Amortized (Declining) Renewal on their MI premium plans?**

A: Yes, we will still offer Declining as well as Level (Constant) renewals. For Amortized (Declining) Renewal, the renewal rate is applied annually to the outstanding loan balance for years 1 – term. Declines in MI payments are not considered "triggering events" and therefore do not need to be disclosed on the Projected Payments section of the new forms.

## TRID FAQ - continued

**Q: Where can I go to learn more about TRID and how it impacts mortgage insurance?**

A: Check out Genworth Mortgage Insurance's pre-recorded TRID webinar [here](#) delivered by MaryKay Scully, Director of Customer Education. MaryKay's training will cover an introduction to the timeline for disclosure, implementation, and regulation as well as online resources for more detailed information, and the new definition of an "Application".

**Q: What additional production and education support can Genworth offer during this TRID transition?**

A: Contact your Genworth Sales Representative today. Or you can call our Genworth TRID MI Hotline at 800 309.4322. Visit [mi.genworth.com/LenderServices/TRID.aspx](http://mi.genworth.com/LenderServices/TRID.aspx) for more TRID info.

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# Mortgage Insurance Disclosure Grid

MI Product	MI Premium Plan	Loan Estimate and Closing Disclosure Form Section				Tolerance Bucket 0% 10% Best Info/ No Tolerance
		Projected Payments Payment Calculation	Loan Costs B. Services You Cannot Shop For	Other Costs F. Prepays	Other Costs G. Initial Escrow Payment at Closing	
<b>Borrower Paid (BPMI)</b>	<b>BPMI Zero Monthly</b>	Monthly premium amount			Monthly premium amount and the number of months covered, if an escrow is required	Best Info/ No Tolerance
	<b>BPMI Monthly</b>	Monthly premium amount		First monthly premium amount paid at closing and the number of months covered (1 month)	Monthly premium amount and the number of months covered, if an escrow is required	0% - due at closing portion Best Info/ No Tolerance - escrowed portion
	<b>BPMI Level &amp; Standard Annual</b>	Monthly portion of the annual premium amount		First year premium amount paid at closing and the number of months covered (12 months)	Portion of the Annual (renewal) premium amount and the number of months covered, if an escrow is required	0% - due at closing portion Best Info/ No Tolerance - escrowed portion
	<b>BPMI Single</b>		Full premium amount			0%
	<b>BPMI Split</b>	Monthly premium amount	Upfront premium amount		Monthly premium amount and the number of months covered, if an escrow is required	0% - upfront portion Best Info/ No Tolerance - monthly portion
<b>Lender Paid (LPMI)</b>	<b>LPMI Monthly</b>			First monthly premium amount <i>- Closing Disclosure only, "Paid By Others"</i>		Lender Paid MI (LPMI) is NOT subject to a tolerance rule.
	<b>LPMI Single</b>		Full premium amount <i>- Closing Disclosure only</i>			
	<b>LPMI Annual</b>			Full premium amount <i>- Closing Disclosure only, "Paid By Others"</i>		
	<b>LPMI Split</b>		Full upfront premium amount <i>- Closing Disclosure only</i>			

For supporting information, refer to the following pages – How to Disclose BPMI Mortgage Insurance on Loan Estimate and Closing Disclosure

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