



CFPB Issues Clarifications to IMD Final Rule

On January 21, 2015, the CFPB issued a final rule which amends the TILA-RESPA Integrated Mortgage Disclosure (IMD) Rule in several respects. The final rule is based upon the CFPB's earlier proposal, which was issued in October 2014. 79 FR 64336. The final rule, which is effective August 1, 2015, makes two much-needed modifications, as well as other clarifications, to the IMD Rule.

Rate locks and timing of revised Loan Estimate. First, the Bureau has amended Section 1026.19(e)(3)(iv)(D). In its October 2014 proposal, the CFPB proposed to require creditors to provide a revised Loan Estimate “no later than the next business day after the date the interest rate is locked,” rather than requiring creditors to provide the revised Loan Estimate on the same business day that the rate is locked, which is what the original IMD Rule required. Under the final rule, the CFPB amended Section 1026.19(e)(3)(iv)(D) to allow creditors three business days in which to send a revised Loan Estimate following the date the interest rate is locked.

Required statement for initial (new) construction loans. Second, the CFPB has amended Section 1026.37, which sets forth the contents of the Loan Estimate. Under the original IMD Rule, in cases involving initial (new) construction loans where a creditor reasonably expected settlement to occur more than 60 days after providing the initial Loan Estimate, the creditor was allowed to issue a revised Loan Estimate up until 60 days before consummation (that is, loan signing), provided that the creditor's initial Loan Estimate included a statement advising the consumer of this possibility. However the original IMD Rule did not specify where this statement was to be placed on the Loan Estimate form and the IMD Rule does not permit creditors to make changes to the Loan Estimate form. To address this oversight, the Bureau has added new Section 1026.37(m)(8) to require creditors to place the required statement under the heading “Other Considerations” on page three of the Loan Estimate. New Comment 37(m)(8)-1 sets forth the required statement, which reads: “You may receive a revised Loan Estimate at any time prior to 60 days before consummation.”

Note that the CFPB's final rule will be addressed in more detail at the February BCG Seminar on Truth in Lending Act & Regulation Z. For an announcement and more information on registering for this all-day seminar, visit the Bankers' Compliance Group® website at <http://www.bankerscompliancegroup.com/pdf/seminar-announcements/SEMFebruary15.pdf>.