



2905 Corporate Circle

Flower Mound, TX 75028

Phone: 972-353-4174

Fax: 972-221-9316

Partners

Thomas E. Black, Jr., P. C.*

Calvin C. Mann, Jr., P. C.

Gregory S. Graham, P. C.

Shawn P. Black **

Regina M. Uhl

Senior Lawyers

David F. Dulock

Diane M. Gleason

Associates

Peter B. Idziak **

Daniel S. Engle***

Of Counsel

David M. Tritter

Benjamin R. Idziak **

* Also Licensed in Iowa, New York,
Washington and West Virginia

** Also Licensed in New York

***Licensed Only in New York

September 24, 2015

To: Clients and Friends

From: Thomas E. Black, Jr.

Subject: TRID Disclaimer on Texas Conditional Qualification Letters ("Form A") and Conditional Approval Letters ("Form B")

As you are aware, the TRID Rule will take effect on October 3. Among the new requirements, §1026.19(e)(2)(ii) of Regulation Z will require a disclaimer "[i]f a creditor or other person provides a consumer with a written estimate of terms or costs specific to that consumer" before the consumer receives the loan estimate. Recall that a loan estimate cannot be issued until the customer has submitted an application as defined by §1026.3(ii) of Regulation Z, which consists of the customer's name, income, social security number, property address, estimated property value, and loan amount sought. The disclaimer must clearly and conspicuously state at the top of the written estimate in 12-point or larger font: "Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing a loan."

This federal requirement will apply to Conditional Qualification Letters and Conditional Approval Letters sent out by mortgage companies under 7 TAC §80.201 and mortgage bankers under 7 TAC §81.201 as these letters are usually generated before consumers have submitted enough information to complete an application under §1026.3(ii) of Regulation Z (e.g., a consumer has not yet identified a property) and each letter contains a written estimate of terms and costs specific to a particular consumer.

The Texas Administrative Code allows alteration of the model forms as long as the alternative forms contain all information included on the model forms (7 TAC §80.201; 7 TAC §81.201). Therefore, we recommend adding the mandated federal disclaimer to the top of all Conditional Qualification Letters and Conditional Approval Letters sent to consumers before consumer applications are complete.

This Memorandum is provided as general information in regard to the subject matter covered, but no representations or warranty of the accuracy or reliability of the content of this information are made or implied. Opinions expressed in this memorandum are those of the author alone. In publishing this information, neither the author nor the law firm of Black, Mann & Graham L.L.P. is engaged in rendering legal services. While this information concerns legal and regulatory matters, it is not legal advice and its use creates no attorney-client relationship or any other basis for reliance on the information. Readers should not place reliance on this information alone, but should seek independent legal advice regarding the law applicable to matters of interest or concern to them. The law firm of Black, Mann & Graham L.L.P. expressly disclaims any obligation to keep the content of this information current or free of errors.