



Subject: CIM #38 – TRID Compliance – Mortgage Loan Disclosure Statement	
Impacted Departments: UW, Disclosures, Document Drawers, Funding	Total Pages: 2
Effective Date: October 18, 2018	

Purpose

California Business and Professions (B&P) Code section 10240(a) requires a licensed mortgage broker¹ (as defined by B&P § 10131(d)), within three business days after receipt of a completed written loan application or before the borrower becomes obligated on the note, whichever is earlier, deliver to the borrower a statement in writing, containing all the information required by Section 10241, *i.e.* a MLDS disclosing maximum costs and expenses associated with obtaining a loan. The statute requires that the MLDS be personally signed by the borrower and broker negotiating the loan, that a signed copy be provided to the borrower and retained by the broker for three years. The MLDS is required for all property types.

The purpose of this CIM is to establish a revised process allowing CSC to continue to satisfy the requirements of California Business and Profession Code section 10240(a).

Presently, CSC treats all loan wholesale applications as submitted as of the date that CSC receives it, not the date the related broker receives it. For California, CSC employs a process whereby it sends out a MLDS disclosure form within 3 days of receipt of an application, but which does not require a signature from either the broker's MLO or the borrower. CSC then sends out a secondary MLDS disclosure form in its closing package which must be signed by both the broker's MLO and the borrower prior to the consummation of the loan. In addition, CSC requests a copy of the broker's original MLDS disclosure form utilized when the broker took the initial application.

CSC does not believe that it can satisfy B&P Code section 10240(a) by accepting the broker's initial MLDS disclosure form utilized when the initial application was taken because the loan terms and costs may differ from CSC's terms. CSC also does not believe that there is a further requirement to send an MLDS disclosure form with CSC's initial disclosure package. Therefore, CSC has streamlined its process while still complying with B&P Code section 10240(a) by requiring one MLDS form executed by both broker and borrower that is issued with CSC's closing package only. Thus, CSC will no longer issue an initial MLDS from within 3-days of receiving an application or request a copy of the brokers' original MLDS form.

¹ Per the BRE, if the broker is acting as a principal lender, then the MLDS is not required.



Impacted Departments and Personnel

Underwriting, Disclosures, Document Drawers and Funding.

Policy

To ensure compliance with B&P Code § 10240 and to confirm that the borrower has been provided with the required disclosures before closing, going forward for new and pending loans, as a condition of closing, CSC will provide the borrowers and brokers with a MLDS for review and execution. The MLDS issued with the final Loan Documents will need to be executed and returned with the Closing Package.

Revision Date	Details	Compliance Approved
9/20/18	CIM drafted	
10/12/18	Revisions to draft CIM	10/12/18
10/15/18	Revisions approved by Compliance and Legal	10/15/18
10/15/18	Distributed for Vote	10/15/18
10/17/18	Further revised	10/17/18
10/18/18	Re-distributed revised for vote	10/18/18
10/23/18	Approved	10/23/18