

# **Construction Loan Estimate Checklist**

Understand Key Terms & Tolerance Categories

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#### 1. What Is the Loan Estimate?

☐ The Loan Estimate (LE) is a standardized disclosure form required by TRID
(TILA-RESPA Integrated Disclosure Rule).
☐ Must be delivered within <b>3 business days of application</b> .
☐ Provides key terms: loan amount, interest rate, projected payments, closing costs.
☐ Helps borrowers compare loan offers across lenders.
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2 Key Sections of the Loan Estimate
2. Key Sections of the Loan Estimate
□ <b>Loan Terms</b> – Rate, loan amount, prepayment penalties, balloon features.
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### 3. Tolerance Categories Explained

	Under <b>TRID</b>	, certain fees	disclosed	on the LE	are sub	iect to t	tolerance	rules
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- Some cannot change at closing.
- Some can increase, but only within 10% cumulative total.
- Others can change freely with no limit.

☐ Lender/broker fees (origination, application, underwriting) ☐ Transfer taxes
☐ Fees paid to an affiliate of the lender
☐ Fees where the borrower was not allowed to shop (e.g., appraisal if chosen by
ender)
TRID Rule – CFPB
5. 10% Cumulative Tolerance Items
5. 10% Cumulative Tolerance Items  ☐ Recording fees ☐ Third-party services if borrower chooses from lender's written provider list ☐ Title, pest inspection, survey (when provider list is used)

### 6. No-Tolerance (Unlimited) Items

☐ Prepaid interest
$\hfill\square$ Homeowner's insurance premiums
☐ Property taxes

<ul> <li>□ Escrow deposits for insurance or taxes</li> <li>□ Third-party fees if borrower chooses their own provider (not from lender's list)</li> </ul>
7. Timing Rules & Re-Disclosures
<ul> <li>□ LE must be issued within 3 days of application.</li> <li>□ Change of Circumstance (COC) allows lender to re-issue LE (e.g., appraisal issues, borrower changes loan product).</li> <li>□ Closing Disclosure (CD) must be received 3 business days before closing.</li> </ul>
8. Borrower Action Steps
☐ Compare LEs from at least 2–3 lenders.
☐ Review tolerance categories carefully.
☐ Question any last-minute fee increases.
☐ Save all LEs and CDs for your records.
☐ Confirm that lender re-disclosed when changes occurred.

## Authority Resources & Links

- Consumer Financial Protection Bureau (CFPB)
- Loan Estimate Sample Form CFPB
- 12 CFR §1026 Regulation Z TRID
- Truth in Lending Act (TILA)
- Real Estate Settlement Procedures Act (RESPA)
- HUD FHA Loan Estimate Guide

#### ★ Call to Action:

- Download Construction Loan Process Checklist PDF
- <u>Fraction Review with Wexmoor Circle</u>
- **/** Explore Full Construction Loan Guide