

TRID Coverage

Abbreviated TILA/Reg Z and TRID Coverage and Exemption Rules:

TILA/Reg Z Coverage Requirements:

- (i) The credit is offered or extended to consumers;
 - (ii) The offering or extension of credit is done regularly;
 - (iii) The credit is subject to a finance charge or is payable by a written agreement in more than four installments;
- and
- (iv) The credit is primarily for personal, family, or household purposes.

Example: A loan to pay a child's tuition.

TILA/Reg Z Exemptions:

- Commercial purpose
- Business purpose

Examples:

- Loan to expand a business, even if it is secured by the borrower's residence.
- Loan to improve a principal residence by putting in a business office.
- Loan to acquire, improve, or maintain non owner occupied rental property (regardless of the number of housing units).
- Loan to acquire owner occupied rental property if it contains more than 2 housing units.
- Loan to improve or maintain owner occupied rental property if it contains more than 4 housing units.

- Agricultural purpose

An agricultural purpose includes the planting, propagating, nurturing, harvesting, catching, storing, exhibiting, marketing, transporting, processing, or manufacturing of food, beverages (including alcoholic beverages), flowers, trees, livestock, poultry, bees, wildlife, fish, or shellfish by a natural person engaged in farming, fishing, or growing crops, flowers, trees, livestock, poultry, bees, or wildlife. The exemption also applies to a transaction involving real property that includes a dwelling (for example, the purchase of a farm with a homestead) if the transaction is primarily for agricultural purposes.

- Organizational credit

The exemption for transactions in which the borrower is not a natural person applies, for example, to loans to corporations, partnerships, associations, churches, unions, and fraternal organizations. The exemption applies regardless of the purpose of the credit extension and regardless of the fact that a natural person may guarantee or provide security for the credit.

- Trusts

Credit extended for consumer purposes to certain trusts is considered to be credit extended to a natural person rather than credit extended to an organization. Specifically, some trusts for tax or estate planning purposes and land trusts.

Further requirements for TRID coverage:

- Closed end credit.
- Real estate collateral (house or residence is not required).

Notes:

No longer have previous RESPA exemptions of:

- Greater than 25 acres
- Lot only
- Construction only