



TILA/RESPA
Integrated
Disclosures
(TRID)

INTRODUCTION

- Effective dates
 - Applications received by creditor/broker on and after August 1, 2015



COVERAGE

- New disclosures apply to most closed-end consumer mortgage loans
- New disclosures do **not** apply to
 - Home equity lines of credit (not subject to RESPA)
 - Reverse mortgages (subject to RESPA)
 - Personal property mobile home transactions
 - Creditor making 5 or fewer loans in a year
 - Certain special-type subordinate liens
 - Loans that are not “consumer loans” (“business purpose” loans, ag loans, etc.)



Terminology

- Lender = “creditor”
- Borrower = “consumer”
- Tolerance = “variation”
- Closing/Settlement = “consummation”?



- Application

- Borrower name
- Borrower SSN
- Stated income
- Address of property
- Estimated Value of property
- Amount of loan sought

2 Definitions of “Business Day”

- Provision of LE to consumer within 3 business days
 - Business day = Day on which the creditor’s offices are open to the public to carry on substantially all functions
- Waiting period between LE and consumer receipt of CD – and between CD and closing
 - Business day = All calendar days except Sunday and certain Federal holidays.



NEW FORM

- Loan Estimate (LE)
 - Replaces early TIL and GFE
 - Provided to consumer – by broker or creditor
 - Within 3 business days after application
 - No later than 7 business days before closing
 - New = “cash to close”



3 days!



NEW FORM

- Closing Disclosure (CD)
 - Replaces final TIL and HUD-1
 - Provided to consumer – by creditor or settlement agent
 - Must be received 3 days before closing
- Closing Disclosure (CD) for Seller
 - Replaces HUD-1
 - Provided to consumer by settlement agent
 - Provided on or before closing



More About Delivery of CD

- If a federal holiday falls in the 3-day period, add a day
- 3-day period is measured in days, not in hours
- May be delivered electronically in compliance with E-sign requirements - provided – Borrower agrees
- How will creditor document receipt by borrower?
 - Evidence of actual receipt
 - “Mailbox Rule” – presumed received 3 days after delivered

Written List of Providers

- If consumer is permitted to shop – creditor or broker must provide consumer with Settlement Service Providers List (SSPL)
 - At least one provider for each service
 - SSPL must be on a separate sheet of paper
 - Same timing as LE



Variations = Tolerances

- No variation is allowed (Zero Tolerance bucket)
 - Creditor's own charges
 - Charges by affiliates of creditor or broker
 - Fees paid to unaffiliated SSP for which consumer cannot shop
- Limited increases are allowed (10% bucket)
 - Charge paid to unaffiliated SSP selected from the SSPL provided by creditor

Variations Permitted

- SSP selected by consumer and not on SSPL
- Charges for services not required by creditor
- Prepaid interest
- Property insurance premiums
- Escrow amounts, impound reserves
- However – to be in “good faith” creditor must give consumer the “best information reasonably available”

Changed Circumstances



- “Good faith” for purposes of fee variation can be based on a revised LE under specified circumstances.
- Creditor must provide revised LE within 3 business days of learning of the change.
- Creditor may not provide a revised LE on the same day as delivery of the Closing Disclosure

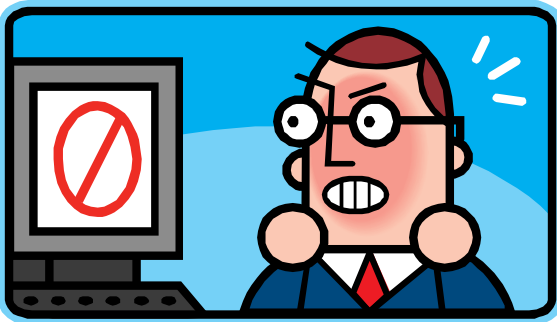
CD Becomes Inaccurate Before

- CD becomes inaccurate before closing
 - Some changes require re-disclosure and a new 3-day waiting period
 - APR changes above tolerance levels
 - Loan product changes
 - Addition of prepayment penalty
 - Otherwise
 - Provide corrected disclosure at or before closing
 - Consumer must be able to inspect one business day prior to closing



CD Becomes Inaccurate After

- Changes after closing require revised CD
 - Event related to settlement
 - Re-disclose within 30 days after learning the event occurred
 - Non-numeric clerical errors
 - Re-disclose within 60 days after closing
 - Refunds related to the good faith analysis
 - Variation (tolerance) violation
 - Refund and re-disclose within 60 days after closing



Who Will Do What?



- CFPB holds lender responsible
- Lenders will decide what role mortgage brokers (LE) and settlement agents (CD) will play
- Not all lenders will make the same decision
 - Result will be a mix of disclosure scenarios
- Settlement Agents prepare and deliver Seller Disclosure

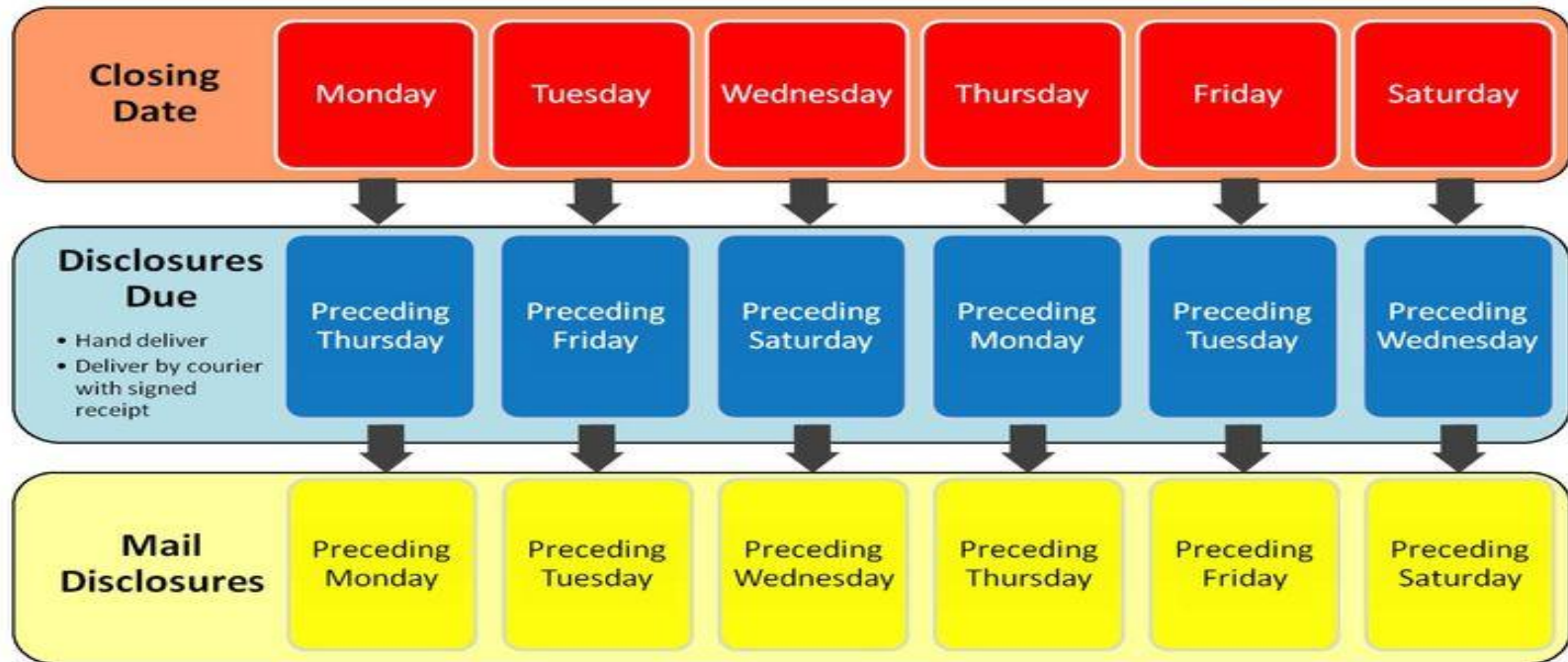
3-Day or 6-Day Waiting Period

www.alta.org/cfpb/

Three-Day Closing Disclosure Rule



American Land
Title Association
Protecting the American Dream Since 1907



Note: If a federal holiday falls in the three-day period, add a day for disclosure delivery.

The three-day period is measured by days, not hours. Thus, disclosures must be delivered three days before closing, and not 72 hours prior to closing.

Disclosures may also be delivered electronically on the disclosures due date in compliance with E-Sign requirements.

Scheduling Closings

- **MONDAY:**

- Loan is approved – lender gives “no sooner than” date
- Closing is scheduled
- Lender and settlement agent coordinate and exchange all fees and charges
- Closing Disclosure is delivered to the borrower with no request for acknowledgment



- **THURSDAY**

- Borrower is presumed to have received Closing Disclosure

- **MONDAY**

- Loan can now close

Data Exchange – Integration

- Solutions to eliminate or minimize re-keying are critical
- Several lenders have announced they will require settlement agents to participate in using third-party exchanges, like *RealEC* – or other data exchanges solutions.
- If systems are not integrated, but lender and settlement agent must rigorously proofread the CD

The CD – Fees and Charges

- Itemization of actual fees/charges required
- Fees must be separately itemized
- Same names for fees on LE and CD
- Must be listed alphabetically in each section
- Title insurance charges (including settlement agent fee) must be preceded by “Title – “
- Optional items followed by (Optional)

The CD – Generally

- Fees & charges move around
- Totals roll up to heading line
- Multiple variations
- Forms are dynamic
 - Only disclosures related to loan
- Limited lines in each section
 - One section can “steal” from another
 - Can have a 2-page Page 2



Title Insurance Premiums

- Title Fee Disclosures – Simultaneous LP & OP
 - Full premium for loan policy = LP disclosed rate
 - Full OP premium + simultaneous LP premium – full LP premium = OP disclosed rate
- What if the seller has agreed to pay for the owner's policy?
 - Page 2: Collect OP disclosed rate in seller's column
 - Page 3: Adjustment (credit) to borrower / (charge) to seller:
 - Full LP premium – simultaneous rate

What Can We All Do Now?

- Lenders and settlement agents need to talk
- Lenders and settlement agents need to talk with real estate agents
- Talk with your software provider!
- Think about training



Want to Know More?

- Go to the CFPB website:
 - <http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>
- Sign up to receive eNews
- Browse
 - Training aids
 - Videos (recorded webinars)
 - Sample Forms
 - And more