TRID 101

TLTA
TEXAS LAND TITLE ASSOCIATION

1. What is TRID?

TRID stands for the TILA-RESPA Integrated Disclosures. (TILA stands for the Truth-in-Lending Act, and RESPA is the Real Estate Settlement Procedures Act.) Most of the new rules fall under TILA, which gives lenders and service providers more liability.

2. What's the Effective Date?

The new rules are in effect for all loan applications taken on or after October 3rd, 2015.

3. What Transactions are Covered?

Most closed end consumer loans fall under the new rules. However, reverse mortgages and home equity lines of credit ("HELOC") loans are not covered. Neither are loans made by creditors that make five or fewer mortgage loans per year, or loans secured by mobile homes or dwellings not attached to real property.

4. What's the Loan Estimate (LE)?

The Loan Estimate replaces the Good Faith Estimate ("GFE") and initial Truth-in-Lending ("TIL") for covered transactions. The goal of this new disclosure is to help consumers shop for the best mortgage loan to meet their needs. Either the creditor or mortgage broker can deliver the LE, but the creditor is responsible for accuracy and timely delivery.

5. What's the Closing Disclosure (CD)?

The Closing Disclosure replaces the HUD-1 settlement statement and the final TIL. Like the LE, the form differs depending upon loan features and transaction type. Though the CD can be delivered by either the creditor or the settlement provider under the new rules, many lenders may decide to produce and deliver the CD due to their own regulatory compliance concerns.

6. What are the Fee Requirements?

Fees must be itemized, alphabetized and rounded to the nearest dollar amount on the LE. Note that TRID presents an alternative to the method that is typically used in Texas transactions for calculation of the simultaneous issuance of owner's and lenders' title insurance policies; this is why the Texas Department of Insurance has created the Texas Disclosure (Form T-64) for use in all TRID-covered transactions to show all parties the dollar amounts of these policies.

7. What are the Delivery Timelines?

The lender or broker must deliver the LE to the consumer no later than three (3) business days after completing the loan application. The consumer must receive the CD at least three (3) business days before signing the note. Lenders may consider the CD received three (3) business days after delivery, in which case the waiting period between delivery of the CD and signing the note will be six (6) business days. Because of this waiting period after delivery of the CD, real estate agents are being advised to add fifteen (15) days when estimating a closing date.

8. What are the Variances?

TRID rules narrow the amounts that fees can increase between the Loan Estimate and the Closing Disclosure. Last-minute changes in fees may impact variations. All parties should be notified immediately of fee changes in order to avoid possible delays.

9. When Would a Re-Disclosure Happen?

If any of the following three circumstances occur, the lender must re-disclose and trigger an additional three-business-day waiting period:

1. the APR increases by 1/8 of 1% or more
2. the loan product changes (e.g., from fixed to variable)
3. the addition of a prepayment penalty

If the CD becomes inaccurate at or before closing then a new CD must be issued and that CD must be available for review by the consumer at least one (1) day prior to consummation.

10. How are Organizations Collaborating for TRID?

Many lenders are using technology solutions called "closing collaboration portals" to facilitate the exchange of fee data with settlement providers. This is a new process for all involved, but will likely be faster than using the phone, fax or email.