



Where are we with TRID?

By Heidi Billington

We have anticipated the changes brought about by the new TILA / RESPA Integrated Disclosure Rule (TRID) for the past two years now and everyone across the mortgage and real estate industry has prepared diligently for these changes. At this point, everyone who works regularly in real estate has had to manage at least one file affected by the new TRID requirements. So where are we now? Has TRID really changed anything? What can we do to make sure our processes in the post-TRID world are effective and efficient in order to conduct closings in compliance with the new rules?

The basic tenets of the loan closing process have remained the same; including the basic loan information that will be disclosed during each loan closing. However, the presentation of the loan information and the forms has changed. Instead of the HUD-1 settlement statement and TIL, the loan information is now displayed on the new Closing Disclosure form. The all too familiar HUD-1 Settlement Statement can still be used for cash closings.

The new rule requires that the Closing Disclosure be provided to the consumer at least three days prior to consummation (closing). The new standard of early disclosure has caused a restructuring of when information must be prepared for all parties and it will take some time for all parties to adjust to the new time frames. Over the past few months we have seen common errors and mistakes that you would expect to see anytime a new rule goes into effect but we have seen few patterns in the kinds of mistakes that are being made. Mistakes range from both inaccurate and untimely disclosure of information to confusion amongst the parties as to whether the new Closing Disclosure Form should even be used for the loan transaction. Our closing team has done a good job in communicating with all parties involved in the transaction in order to clarify the rule and resolve any confusion.

TRID provides that the full disclosure can be prepared by either the Settlement Agent or the Lender. While this could change in the future, our experience has been in the vast majority of cases that the Lender opts to prepare the Closing Disclosure. Most of the information the Lender needs is in their loan file but they will also need the official numbers from both the Seller and the Settlement Agent in order to complete the final disclosure. We have seen errors in the Lender prepared Closing Disclosure ranging from not including all parties' contact information on page 5 to incomplete or inaccurate disclosure of the Seller and/or Settlement Agent figures.

The best piece of advice to make this new process smoother for all parties is to prepare the disclosure documents much earlier than as required by the rule. Disclose early, disclose often.

Explaining the new Closing Disclosure form seems to be easier with less sophisticated consumers and first time home buyers seem to easily understand the new forms as they have no prior experience with



the old methods. Real estate agents who have worked with the HUD-1 for years are still adjusting to the new way the information is displayed along with the new timelines.

Like most changes, TRID is something that we will all get used to over time. We hope you will reach out to us with any questions you have about TRID.