TRID/Residential Disclosures

Chris Christensen
chrisc@peirsonlaw.com
214.679.5481

47th Annual William W. Gibson, Jr.
Mortgage Lending Institute
September 29, 2016

TILA-RESPA Integrated Disclosure Rule (TRID) Overview, Continued

The Loan Estimate (LE)

- This new form integrates and replaces the existing RESPA GFE and the initial TILA disclosure for these transactions.
- The LE must contain a good faith estimate of credit costs and transaction terms.
- The LE must be in writing.
- The creditor must deliver the LE or place it in the mail no later than the third business day after receiving the application.
- Creditors generally may not issue revisions to the LE because they later discover technical errors, miscalculations, or underestimations of charges. Creditors can issue a revised LE only in certain situations such as when changed circumstances result in increased charges.
- If a mortgage broker receives a consumer’s application, either the creditor of the mortgage broker may provide the LE.

The Closing Disclosure (CD)

For loans that require a LE and that proceed to closing, creditors must provide a new final disclosure reflecting the actual terms of the transaction called the Closing Disclosure (CD). The form integrates and replaces the existing HUD-1 and the final TILA disclosure for these transactions.
- The lender is generally required to ensure the consumer receives the CD no later than three (3) business days before consummation of the loan.
- The CD generally must contain the actual terms and costs of the transactions.
- Lenders may estimate disclosures using the best information reasonably available when the actual term or cost is not reasonably available to the creditor at the time the disclosure is made.
- Lenders must act in good faith and use due diligence in obtaining the information.
- A lender may normally rely on the representations of other parties in obtaining the information, including, for example, the settlement agent.
- The creditor is required to provide corrected disclosures containing the actual terms of the transaction at or before consummation. If the actual terms or costs of the transaction change prior to consummation, the credit must provide a corrected disclosure.
- If the creditor provides a corrected disclosure, it may also be required to provide the consumer with an additional three (3) business day waiting period prior to consummation.

What is a clerical error?
ALTA Grassroots:
1. Fix the inaccurate disclosure of title insurance fees;
2. Don’t let lenders use closing instructions to shift their responsibility to settlement agents for lender compliance errors;
3. Provide more guidance on sharing of CDs with realtors.

Comments filed on each:
1. 408
2. 349
3. 191
formats updated to MISMO Version 3.4 and reflecting the ULAD data. Because each GSE uses URLA
data to evaluate loans against their unique credit policies, Fannie Mae and Freddie Mac will continue to
maintain separate AUS data specifications.

**URLA Timelines**

**Relationship to HMDA Demographic Data Collection**
As announced by the CFPB, an expanded HMDA Demographic data collection will be required beginning January 1,
2018. Since the redesigned URLA includes these additional data fields, the form may not be used until January 1,
2018. Lenders who are ready to do so may (but are not required to) begin using the redesigned URLA on that date.

To provide lenders an additional option to collect this data in case they have not transitioned to the redesigned URLA
by January 1, 2018, a Demographic Information Addendum to the current URLA was created. This Addendum is to
be used only with the current URLA 7/05 (revised 6/09) as a replacement for the existing Section X, *Information for
Government Monitoring Purposes.* On the current URLA, Section X will need to be crossed-out or otherwise deleted.

**Usage of the Redesigned URLA**
We understand that the industry is currently facing many overlapping initiatives and regulatory changes, so while
lenders may *start* using the redesigned URLA as of January 1, 2018, we will *not require* lenders to use the redesigned
URLA until sometime thereafter.

**Submission to GSE Automated Underwriting Systems**
Each GSE’s specific data collection requirements for loan underwriting will be outlined in their DU and Loan Product
Advisor data specifications to be released in September 2016. We are both updating our AUS systems to process our
new system interface specifications. Although lenders may begin using the redesigned URLA starting January 1,
2018, the GSEs will *not accept* either the updated DU or Loan Product Advisor datasets until sometime thereafter.

**Safe Harbor**
Historically, certain provisions of the URLA had a “safe harbor” under the Equal Credit Opportunity Act (Regulation
B). The CFPB is reviewing the redesigned URLA in connection with the Regulation B safe harbor. This review may
result in updates to the published documents.

---

**MBA e/Remote Notarization Conversation**

**Thursday, September 15, 2016 at 1:00 PM (Eastern)**

Dial in: 800-768-2983 Pass code: 5572718#

**Agenda**

I. Welcome and Antitrust Statement
II. Meeting Objectives
III. Identification of Issues/Areas of Concern
IV. Next Steps
Title search: TRID/Residential Disclosures

Also available as part of the eCourse
2016 Mortgage Lending eConference

First appeared as part of the conference materials for the 50th Annual William W. Gibson, Jr. Mortgage Lending Institute session "TRID/Residential Disclosures"