

TRID

What is TRID?

TRID is an acronym for TILA- RESPA Integrated Disclosure (also referred to as the TILA-RESPA Rule) and applies to most closed-end Borrower credit transactions secured by real property. The rule does not apply to HELOCs, reverse mortgage, and a dwelling not attached to real property (i.e. mobile homes)).

TRID consolidates four existing disclosures required under TILA and RESPA for closed-end credit transactions secured by real property into two forms:

- a **Loan Estimate** (combines the Good Faith Estimate and the Initial Truth-In-Lending Statement)
- a **Closing Disclosure** (combines the HUD-1 and the Final Truth-In-Lending Statement)

What is the Effective Date of the TILA-RESPA rule?

The new disclosures must be provided for all loan applications received on or after August 1, 2015. Applications received prior to August 1, 2015 will still use the current GFE, HUD-1, and Truth-in-Lending forms.

If the Loan Estimate is not provided to the Borrower in person, the Borrower is considered to have received the Loan Estimate three business days after it is delivered or placed in the mail.

The Loan Estimate must also be delivered or placed in the mail no later than the seventh business day before consummation* of the transaction.

* **Consummation** occurs when the Borrower becomes contractually obligated to the Lender on the loan. (Purchase = Date of Closing; Refinance = End of Rescission Period; Escrow States = Date of Disbursement)

The Borrower may modify or waive the seven-business-day waiting period after receiving the Loan Estimate if the Borrower has a **bona-fide personal financial emergency** that necessitates consummating the credit transaction before the end of the waiting period.

Are there any Other Requirements that take Effect on August 1, 2015?

In addition to the implementation of the new disclosures, the following restrictions take effect on August 1, 2015, regardless of whether an application has been received on that date:

- No fees may be imposed on a Borrower in connection with the loan application until the Borrower has received the Loan Estimate **AND** has indicated intent to proceed with the transaction.
- Providing written estimates of terms or costs specific to Borrowers before they receive the Loan Estimate without a written statement informing the Borrower that the terms and costs may change; and
- Requiring the submission of documents verifying information related to the Borrower's application before providing the Loan Estimate.

What are the Timing Requirements for Revisions to a Loan Estimate?

A revised Loan Estimate must be delivered or placed in the mail to the Borrower no later than three business days after receiving a bona fide change circumstance.

A revised Loan Estimate **cannot** be issued on or after the date the Closing Disclosure is provided.

The revised Loan Estimate must be received by the Borrower no later than four business days prior to consummation. If the revised Loan Estimate is being mailed it must be placed in the mail no later than seven business days before consummation of the transaction to allow 3 business days for receipt.

However, if the Lender has evidence that the Borrower received the revised Loan Estimate earlier than three business days after it is mailed or delivered, it may rely on that evidence and consider it to be received on that date.

NOTE: For purposes of the four-business-day period prior to consummation, "business day" means all calendar days except Sundays and legal public holidays such as New Year's Day, the Birthday of Martin Luther King, Jr., Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

Can a Loan Estimate be Revised after a Closing Disclosure already has been provided?

No. A revised Loan Estimate **may not** be provided on or after the date the Lender provides the Borrower with the Closing Disclosure. Because the Closing Disclosure must be provided to the Borrower no later than three business days before consummation, this means the Borrower must receive a revised Loan Estimate no later than four business days prior to consummation.

What if a Changed Circumstance Occurs Too Close to Consummation for the Lender to Provide a Revised Loan Estimate?

If there are [less than four business days](#) in between the time a the revised Loan Estimate would have been required to be provided to the Borrower and consummation, the Lender may provide a Closing Disclosure reflecting any revised charges resulting from the changed circumstance and rely on those figures (rather than the amounts disclosed on the Loan Estimate) for purposes of determining good faith and the applicable tolerance.

- If the changed circumstance occurs [between the fourth and third business days](#) from consummation, the Lender may reflect the revised charges on the Closing Disclosure provided to the Borrower three business days before consummation.
- If the event occurs [after the first Closing Disclosure](#) has been provided to the Borrower (i.e., within the three-business-day waiting period before consummation), the Lender may use revised charges on the Closing Disclosure provided to the Borrower at consummation, and compare those amounts to the amounts charged for purposes of determining good faith and tolerance.

What are the General Requirements for the Closing Disclosure?

The Borrower must receive the [Closing Disclosure no later than three business days](#) before consummation of the loan and generally must contain the actual terms and costs of the transaction. Lenders may estimate disclosures using the best information reasonably available when the actual term or cost is not reasonably available to the Lender at the time the disclosure is made. The Lender 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 Lender must provide a corrected disclosure that contains the actual terms of the transaction and comply with the timing requirements, and requirements for providing corrected disclosures due to subsequent changes.

NOTE: If a corrected disclosure is issued, the Borrower must be provided with an [additional three-business-day waiting period](#) prior to consummation.

Can a settlement agent provide the Closing Disclosure on the Lender's behalf?

Yes. The settlement agent may provide the Closing Disclosure to Borrowers on the Lender's behalf. But it is the Lender's is legally responsibility to ensure that the Closing Disclosure meets the delivery and required timing requirements, as well as, for any errors or defects.

What changes before consummation require a new waiting period

If one of the following occurs after delivery of the Closing Disclosure and before consummation, the Lender must provide a corrected Closing Disclosure containing all changed terms and ensure that the Borrower receives it [no later than three business days](#) before consummation.

- **The disclosed APR becomes inaccurate.** If the annual percentage rate (APR) previously disclosed becomes inaccurate, the Lender must provide a corrected Closing Disclosure with the corrected APR disclosure and all other terms that have changed. The APR's accuracy is determined according to § 1026.22.
- **The loan product changes.** If the loan product previously disclosed becomes inaccurate, the Lender must provide a corrected Closing Disclosure with the corrected loan product and all other terms that have changed.
- **A prepayment penalty is added.** If a prepayment penalty is added to the transaction, the Lender must provide a corrected Closing Disclosure with the prepayment penalty provision disclosed and all other terms that have changed.

What changes do not require a new three-day waiting period?

For any other changes before consummation that do not fall under the three categories above (i.e., related to the APR, loan product, or the addition of a prepayment penalty), the Lender still must provide a corrected Closing Disclosure with any terms or costs that have changed and ensure that the Borrower receives it.

For these changes, there is [no additional three-business-day waiting period](#) required. The Lender must ensure only that the Borrower receives the revised Closing Disclosure [at or before](#) consummation.