

TOP 10 THINGS

Real Estate Agents Should Know

About the New TILA-RESPA Integrated Disclosures (TRID)

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MORTGAGE FORMS

- 1** A new closing statement form called the Closing Disclosure or CD will be used for most loan applications taken for new mortgages, effective on October 3, 2015. The lender, not the closing agent, may be preparing and delivering the CD.
- 2** The CD must be delivered to the buyer/consumer at least three business days prior to the scheduled closing date.
- 3** Closing agent must get information to the lender approximately 10 to 14 days prior to the closing date for completion of CD to meet the delivery requirement.
 - You will need to communicate to the closing agent all your buyer paid charges 10 to 14 days prior to the closing date.
 - How will you handle this communication?
- 4** The closing agent will need your real estate company's state license number and your individual real estate license number for the new CD.
- 5** The CD sent to the buyer/consumer won't include the "seller's side" of the transaction.
 - The closing agent (not the lender) is responsible for completing and delivering the seller's side of the CD.
 - The closing agent may decide to prepare a separate CD for the seller.
- 6** You likely will not receive an advance copy of the CD before it's delivered to the buyer/consumer.
 - The lender will likely send the CD to the closing agent when it's sent to the buyer/consumer.
 - The settlement agent will not be permitted to send a copy to real estate agents; you will need to obtain a copy from the borrower.



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- 7** Changes to the CD after delivery to the buyer/consumer MAY trigger a new three-day waiting period if changes cause the Annual Percentage Rate to be inaccurate, the buyer changes loan product or a prepayment penalty is added.

 - Changes and adjustments affecting the value of the property (as determined by the lender) may trigger additional disclosure and review periods under the Equal Credit Opportunity Act (ECOA) controlling the delivery of the appraisals.
 - You may want to consider two pre-settlement inspections or “walk throughs” (e.g. first inspection 7 to 10 days in advance of closing and a second inspection on the day of the closing).
- 8** Review and become familiar with the CD so that you can answer buyer and seller questions. Note the CD refers to Owner’s Title Insurance as “optional” in some circumstances. Obtain appropriate advice for the buyer/consumer on the protections given to them through owner’s title insurance.
- 9** The new TRID rules may affect the contract terms that you help negotiate for either the buyer or the seller.

For example, a closing 30 days “out” may no longer be realistic.

If your contract form contains a “set” number of days for the closing to occur, then a minimum of 15 additional days may be advisable.

If your contract form requires you to fill in a specific date, take additional time into consideration. It’s important for you to communicate with the lender and the closing agent to determine a realistic timeframe for closings under these new rules.
- 10** What system do you have in place to communicate changes to the contract (after it’s been signed) to the lender? Consider having a conversation with buyers about their need to respond immediately to lender requests and remind the seller they must follow the contract to the letter because not doing so may delay the closing.