TILA-RESPA INTEGRATED DISCLOSURE TRID

Regulatory Overview National Association of REALTORS®



Background

H.R.4173

One Hundred Eleventh Congress of the

United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Tuesday, the fifth day of January, two thousand and ten

An Act

| All All |
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| To promote the financial stability of the United States by improving accountability and transparency in the financial system, to end "too big to fail", to protect the American taxpayer by ending balaloust, to protect consumers from abusive financial services practices, and for other purposes. |
| Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, |
| SECTION 1. SHORT TITLE; TABLE OF CONTENTS. |
| (a) SHORT TITLE.—This Act may be cited as the "Dodd-Frank Wall Street Reform and Consumer Protection Act". (b) TABLE OF CONTENTS.—The table of contents for this Act is as follows: |
| Sec. 1. Short till; table of contents. Sec. 2. Definitions. Sec. 3. Severability. Sec. 4. Fiftettre date. Sec. 6. Aritetre date. Sec. 6. Anitetrus davings clause. |
| TITLE I—FINANCIAL STABILITY |
| Sec. 101. Short title. Sec. 102. Definitions. |
| Subtitle A-Financial Stability Oversight Council |
| Sec. 111. Financial Stability Oversight Council established. |
| Sec. 112. Council authority. Sec. 113. Authority to require supervision and regulation of certain nonbank finan- cial companies. |
| Sec. 114. Registration of nonbank financial companies supervised by the Board of |
| Governors. Sec. 115. Enhanced supervision and prudential standards for nonbank financial companies supervised by the Board of Governors and certain bank hold- ing companies. |
| Sec. 116. Reports. Sec. 117. Treatment of certain companies that cease to be bank holding companies. |
| Sec. 117. Treatment of certain companies that cease to be bank holding companies. Sec. 118. Council funding. |
| Sec. 119. Resolution of supervisory jurisdictional disputes among member agencies. Sec. 120. Additional standards applicable to activities or practices for financial sta- bility purposes. |
| Sec. 121. Mitigation of risks to financial stability. |
| Sec. 122. GAO Audit of Council. Sec. 123. Study of the effects of size and complexity of financial institutions on cap- ital market efficiency and economic growth. |
| Subtitle B-Office of Financial Research |
| Sec. 151. Definitions. |
| Sec. 152. Office of Financial Research established. Sec. 153. Purpose and duties of the Office. |
| Sec. 154. Organizational structure; responsibilities of primary programmatic units. |
| Sec. 155. Funding. Sec. 156. Transition oversight. |
| Sec. 156. Transition oversight. |
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- For the last 30 years, lenders have been required by Federal Law to provide 4 different disclosure forms to consumers applying for a mortgage.
- The forms were developed separately by two Federal agencies under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act of 1974 (RESPA) and contained overlapping and inconsistent language.
- The 2010 Dodd–Frank Wall Street Reform and Consumer Protection Act directed the Consumer Financial Protection Bureau (CFPB) to integrate the mortgage loan disclosures under TILA and RESPA.
- The new disclosures are designed to improve disclosures to consumers and also contain tolerance limitations that may cause lenders to refund fees to consumers when certain costs vary between the initial and final disclosure



The New Integrated Forms

The Loan Estimate and Closing Disclosure must be used for most closed-end consumer mortgages

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The Loan Estimate Form

- Replaces the GFE and initial Truth-in-Lending Disclosure.
- Designed to help consumers understand the key features, costs, and risks of the mortgage loan for which they are applying.
- The Loan Estimate must be provided or sent to consumers no later than three business days after they submit a loan application.
- Lender cannot charge any fees (except for credit report) until consumer decides to proceed with the loan and consumer has 10 business to decide.

The Closing Disclosure Form

- Replaces and combines the HUD-1 and final Truth-in-Lending Disclosures.
- Designed to help consumers understand all of the costs of the transaction.
- Consumers must receive the Closing Disclosure Form at least 3 business days before they close on the loan.
- Final Closing Disclosure must list all of the actual costs of obtaining the mortgage.



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June 24, 2015 Page 3

Loan Estimate Form

| Loan Estimate | LOAN TERM PURPOSE | | |
|--|---|--|--|
| DATE ISSUED APPLICANTS | PRODUCT LOAN TYPE Conventional FHA VA | | |
| PROPERTY SALE PRICE | Before closing your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on | | |
| Loan Terms | Can this amount increase after closing? | | |
| Loan Amount | | | |
| Interest Rate | | | |
| Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment | | | |
| Prepayment Penalty | Does the loan have these features? | | |
| Balloon Payment | | | |
| | | | |
| Projected Payments | | | |
| Payment Calculation | | | |
| Principal & Interest | | | |
| Mortgage Insurance | | | |
| Estimated Escrow Amount can increase over time | | | |
| Estimated Total Monthly Payment | | | |
| Estimated Taxes, Insurance & Assessments Amount can increase over time | This estimate includes in escrow? Property Taxes Honeowner's insuance Other: See Section G on page 2 for escrowed property costs. You must pay for other | | |
| | property costs separately. | | |
| Costs at Closing | | | |
| Estimated Closing Costs | Includes in Loan Costs + in Other Costs – In Lender Credits. See page 2 for details. | | |
| Estimated Cash to Close | Includes Closing Costs. See Calculating Cash to Close on page 2 for details. | | |
| Visit www.consumerfina LOAN ESTIMATE | ance.gov/mortgage-estimate for general information and tools. PMGE 1 OF 3 - LOAN ED # | | |
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- Loan Estimate must be provided to the consumer by hand or by mail within 3 business days of receiving loan application.
- If there is a circumstance change after provision of Loan Estimate creditor can revise the Loan Estimate within 3 business days, but this is narrowly defined
- A revised Loan Estimate must be provided no later than 7 business days before consummation.
- Consummation (differentiated from closing or settlement) occurs when the **consumer** becomes contractually obligated to the **creditor** on the **loan**.



Closing Disclosure Form

| losing Information | Transaction Information | Loan Info | rmation | |
|---|--|-----------------------------|------------------------|--|
| ate Issued osing Date | Borrower | Loan Term | | |
| osing Date sbursement Date | | Purpose Product | | |
| tlement Agent | Seller | · ····· | | |
| | | Loan Type | Conventional DFHA | |
| operty | Lender | Lean ID# | DVA 0 | |
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| Amount can increase over time | | | | |
| Estimated Total Monthly Payment | | | | |
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| & Assessments | Homeowner's Insura | ance | | |
| Amount can increase over time See page 4 for details | Other: | | | |
| na paga a da deluta | See Escrow Account on pe costs separately. | ige 4 for details. You must | pay for other property | |
| | | | | |
| Costs at Closing | | | | |
| Closing Costs | Includes in Loan C In Lender Credits. See page 21 | | ner Costs - | |
| Cash to Close | Includes Closing Costs. See | Calculating Cash to Close | on page 3 for details. | |
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- Consumers must receive the Closing Disclosure at least 3 business days before closing.
- Revised Closing Disclosure A waiting period of 3 additional business-days applies when changes to the Closing Disclosure result in:
 - An increase to the APR that becomes inaccurate by more than 1/8th of a point,
 - The addition of a Prepayment Penalty, or
 - The change of a loan product.
- Final Closing Disclosure must capture the actual costs the consumer paid for the mortgage, including costs that changed at the closing table.
- If the final loan cost changes within 30 calendar days post-consummation a revised Closing Form must be delivered within 30 days of the change.
- All tolerance violation consumer refunds must be made within 60 days of closing.



October 3, 2015*



- Beginning October 3, 2015*, lenders must use the *Loan Estimate* and *Closing Disclosure* forms for most transactions involving a consumer mortgage.
- On June 3, 2015 the CFPB announced that it would be "sensitive" to companies that make a good-faith effort to comply with the new TRID regulation – NAR has advocated for a period of restrained enforcement and liability and continues to work with the CFPB to minimize uncertainty and market disruption once the rule takes effect.

For more info visit REALTOR.org/TRID



*On June 24, 2015 the CFPB announced a proposal to move the Implementation date for TRID from 8/1/2015 to 10/3/2015.



June 24, 2015 Page 6