# TILA-RESPA INTEGRATED DISCLOSURE TRID

Regulatory Overview

National Association of REALTORS®

June 22, 2015



## 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

note the financial stability of the United States by improving accountabili-ransparency in the financial system, to end "too big to fail", to prote merican taxpayer by ending bailouts, to protect consumers from abusi-ial 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 title; table of contents. Sec. 2. Definitions. Sec. 3. Severability. Sec. 4. Effective date. Sec. 5. Budgetary effects.

TITLE I-FINANCIAL STABILITY

Subtitle A-Financial Stability Oversight Council

nancial Stability Oversight Council established.

stration of nonbank financial companies supervised by the Board of

overnors.

chanced supervision and prudential standards for nonbank financial omnanies supervised by the Board of Governors and certain bank hold-

orts.

atment of certain companies that cease to be bank holding companies.

neil funding.

difficults because.

All this purposes, to financial stability.

AG Audit of Council.

Add which of Council and complexity of financial institutions on captal market efficiency and economic growth.

Subtitle B-Office of Financial Research

efinitions.

ffince of Financial Research established.

urpose and duties of the Office.

rganizational structure; responsibilities of primary programmatic units.

- 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



#### The Loan Estimate Form

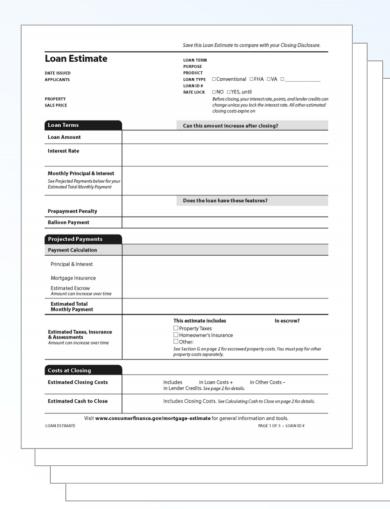
- Replaces the GFE and initial Truth-in-Lending Disclosure.
- Designed to help consumers understand the key features, costs, and risks of the mortgage loan for which they are applying.
- The Loan Estimate must be provided or sent to consumers no later than three business days after they submit a loan 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.



- 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.

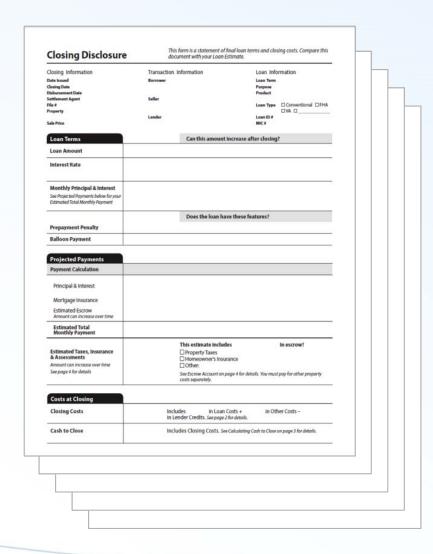


#### Loan Estimate Form



- 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



- 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 1/8<sup>th</sup> 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 1, 2015\*



- Beginning October 1, 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 17, 2015 the CFPB announced a proposal to move the Implementation date for TRID from 8/1/2015 to 10/1/2015.

