

TILA-RESPA INTEGRATED DISCLOSURE TRID

Regulatory Update

National Association of REALTORS®

June 19, 2015

Background

H. R. 4173

One Hundred Eleventh Congress
of the
United States of America

AT THE SECOND SESSION

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

An Act

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 bailouts, 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 title; table of contents.
Sec. 2. Definitions.
Sec. 3. Severability.
Sec. 4. Effective date.
Sec. 5. Budgetary effects.
Sec. 6. Antitrust savings 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 financial 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 holding companies.
Sec. 116. Reports.
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 stability 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 capital 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.

- 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

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The New Integrated Forms

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

The image shows a thumbnail of the Loan Estimate form. It is a structured document with various sections for providing loan details, including interest rates, fees, and closing costs. The form is designed to be clear and organized for both lenders and borrowers.

The Loan Estimate Form

- 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 image shows a thumbnail of the Closing Disclosure form. It is a structured document that provides a final summary of the mortgage transaction, including the loan terms, interest rate, and all associated costs. It is designed to ensure transparency and understanding for the consumer at the time of closing.

The Closing Disclosure Form

- 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

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate	
DATE ISSUED	LOAN TERM
APPLICANTS	PURPOSE
	PRODUCT
	LOAN TYPE <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/>
	LOAN ID #
PROPERTY	BATE LOCK <input type="checkbox"/> NO <input type="checkbox"/> YES, until
SALE PRICE	<small>Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on</small>
Loan Terms	Can this amount increase after closing?
Loan Amount	
Interest Rate	
Monthly Principal & Interest	
<small>See Projected Payments below for your Estimated Total Monthly Payment</small>	
Prepayment Penalty	Does the loan have these features?
Balloon Payment	
Projected Payments	
Payment Calculation	
Principal & Interest	
Mortgage Insurance	
Estimated Escrow <small>Amount can increase over time</small>	
Estimated Total Monthly Payment	
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time</small>	This estimate includes <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <small>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</small>
Costs at Closing	In escrow?
Estimated Closing Costs	Includes <input type="checkbox"/> in Loan Costs + <input type="checkbox"/> 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.consumerfinance.gov/mortgage-estimate for general information and tools.	
LOAN ESTIMATE	PAGE 1 OF 3 - LOAN ID #

- 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 should 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**.

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Closing Disclosure Form

Closing Disclosure This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information	Transaction Information	Loan Information
Date Issued	Borrower	Loan Term
Closing Date		Purpose
Disbursement Date		Product
Settlement Agent	Seller	Loan Type <input type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #		<input type="checkbox"/> VA <input type="checkbox"/>
Property	Lender	Loan ID #
Sale Price		MIC #

Loan Terms	Can this amount increase after closing?
Loan Amount	
Interest Rate	
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	
	Does the loan have these features?
Prepayment Penalty	
Balloon Payment	

Projected Payments	
Payment Calculation	
Principal & Interest	
Mortgage Insurance	
Estimated Escrow <small>Amount can increase over time</small>	
Estimated Total Monthly Payment	
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time. See page 4 for details.</small>	This estimate includes <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>
	In escrow?

Costs at Closing	
Closing Costs	Includes <input type="checkbox"/> in Loan Costs + <input type="checkbox"/> in Lender Credits. See page 2 for details.
Cash to Close	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

- 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 should 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 should 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.

**On June 17, 2015 the CFPB announced that they would move the Implementation date for TRID from 8/1/2015 to 10/1/2015.*

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