

FAQs - TILA/RESPA Integrated Disclosure (TRID) Rule

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NAR is compiling a list of frequently asked questions by members during the implementation process for the TILA/RESPA Integrated Disclosure forms, also known as “TRID” or “Know Before You Owe.”

Q: I see that the Closing Disclosure requires a license number for the real estate broker. My office has multiple brokers who serve in different roles. Whose license number should go on the form?

A: The “Contact Information” box on the Closing Disclosure provides various forms of contact information for the main settlement servicer providers in the transaction, including the real estate professionals. The CFPB did not specify whose license number should go on the form, other than that it should be information that allows the consumer to contact the brokerage if the consumer has questions. Therefore, brokerages should use their best judgment in providing this information to lenders/closing agents. If your state licenses offices, the office license number is an option. Another option is the principal broker for the firm. If the firm has multiple offices, the managing broker for the office that handled the transaction is another option.

Q: The lender for my buyer’s upcoming closing has refused to send me the Closing Disclosure, instead telling me that I must receive this from my client, the borrower. I have always received the HUD-1 before the closing from the closing agent. What has changed- does this have something to do with the new TRID rules?

A: The TRID rules do not limit the sharing of these disclosures, but some lenders are taking the position that there is personally identifiable information in the Closing Disclosure and therefore other federal laws (not TRID) prohibit the lender from sharing this information with third parties without the consent of the borrower. Some REALTOR® associations have created consent forms that would be signed by the buyer and the seller to allow for the sharing of these disclosures, but not all lenders are accepting these consents and are still refusing to directly send the Closing Disclosure to the real estate professional. NAR is attempting to work with our industry partners to facilitate the sharing of the Closing Disclosure, but at present real estate professionals may need to obtain the form directly from their client.

Q: I’ve heard of different lenders requiring a new Closing Disclosure and 3-day review period for minor changes such as last minute repairs. I thought the new rules would allow for such changes without a new 3-day period.

A: You are correct. While some lenders may adopt different policies internally, the Consumer Financial Protection Bureau has made it clear that only three circumstances REQUIRE a new Closing Disclosure and 3-day review period:

1. The annual percentage rate (APR) increases by more than 1/8 of a point for fixed rate or 1/4 of a percent for adjustable rate loans.
2. A prepayment penalty is added.
3. The basic loan product changes, such as switching from a fixed rate to an adjustable rate mortgage.

Even though the TRID rules will only directly delay closings in these limited circumstance, TRID also requires lenders to make refunds for certain “tolerance violations”, which arise when certain charges involved in obtaining the mortgage vary from the initial estimates contained in the Loan Estimate. Because of the potential tolerance refunds, lenders are carefully scrutinizing any variations between the Loan Estimate and the Closing Disclosure or other changes in the property value, and so any variations have the potential to cause the lender to delay the transaction.