

TRID–New Mortgage Regulations Coming Fall 2015

Overview

The new TILA-RESPA Integrated Disclosure (TRID) rule has been extended from August 1 to Fall 2015. In 2013, a “Know Before You Owe” project was initiated by the Consumer Financial Protection Bureau (CFBP) with direct orders to revisit forms required by the Truth-in-Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) to ensure consumers have key information on the loan and can afford the loan. The result is TRID. Detailed information is available on the CFBP website: <http://www.consumerfinance.gov/regulatory-implementation/tila-respa>.

What does this mean?

- After 30 years in existence, four standard home closing forms and loan closing processes been revised under the new TILA-RESPA rule
- The Good Faith Estimate (GFE) and initial Truth-in-Lending disclosure (TIL) have been combined into a new form, the Loan Estimate, which is given to the borrower no less than 3 days after the loan application is submitted to the lender
- The HUD-1 and final TIL have been combined into a new form, the Closing Disclosure, which must be delivered at least three business days before consummation of the loan
- TILA-RESPA applies to standard loans – it does not apply to home equity lines of credit

How does this impact relocation and are there unintended consequences?

- Loan changes related to the interest rate, type of loan or addition of a pre-payment penalty will require a new three business day waiting period – in relocation terms, a lost rate lock could trigger a new three business day waiting period
- Buyers can request the right to inspect the Closing Disclosure during the business day before closing of the loan – therefore, walk-throughs must be scheduled well in advance of closing so that repair credits can be negotiated without a closing delay
- Buyers insurance, title work and all other details will be required up to 10 days prior to closing, depending upon the lender
- Buyers who schedule the move to coincide with closing day may incur extra storage and temporary living if the new three business day waiting period is required due to any change in the closing statement

What are the consequences of non-compliance?

- Penalties are very high – Knowing Violations could be up to \$1 million a day; Reckless Violations are \$25,000 per day and simple failure to follow the law can cost \$5,000
- Lenders will exercise extreme caution and delay closing rather than incur any violations
- There will be no exceptions granted

How should we prepare for the change?

- Please review your policy with your Relocation Management Company for necessary updates:
 - Replace references to the HUD with Closing Disclosure effective August 1, 2015
 - If there are details regarding the HUD statement in your loss on sale policy, clarify the HUD is still required for homes that closed prior to August 1, 2015 and a Closing Disclosure is required for home closed after August 1, 2015
 - Consider the impact of the new three day notice period for your buyers and sellers of real estate
- Announce policy and process changes to your HR team
- Announce changes to all transferees with moves in process and their managers
- Confirm that your Relocation Management Company, Mortgage partners and closing attorneys have received training and are ready to implement the new process on schedule
- Become familiar with the new Closing Disclosure included from the CFPB website

RelocationProcurement.com

RelocationProcurement.com was developed to assist procurement professionals with going to bid for all the services required to support a global relocation program. This convenient source of information is designed to help procurement managers better understand various relocation services in order to implement a systematic process to purchase and manage relocation services efficiently and cost effectively. RelocationProcurement.com is experienced in all facets of Relocation Procurement Consulting Services and can provide turnkey assistance managing an entire procurement project, or with any module necessary to a proper bidder process. For more information, email us at info@relocationprocurement.com.