



# CFPB: WHAT YOU NEED TO KNOW STARTING OCTOBER 3RD

This year will  
be the most  
sweeping  
change in the  
escrow process  
since 1974.

## **TILA-RESPA INTEGRATED DISCLOSURE (TRID) EFFECTIVE OCTOBER 3, 2015**

The Dodd-Frank Act mandated the Consumer Financial Protection Bureau to combine overlapping federal disclosure forms required by the Real Estate Settlement Procedures Act (RESPA) and the Truth-In-Lending Act (TILA). Loan applications received on or after Oct. 3, 2015, must use the new integrated disclosures for most mortgages. A 3-page Loan Estimate (LE) will replace the initial Truth In Lending disclosure and Good Faith Estimate, while a 5-page Closing Disclosure (CD) will replace the HUD-1 Settlement Statement and final Truth-In-Lending disclosure.

## **ACCURACY & TIMING**

These are very important tenets to TRID. As a general rule creditors are bound by the (LE) and may not issue revisions except in very specific circumstances. The (CD) must be delivered at least 3 business days before consummation. If delivered untimely, consummation must be delayed, except for a bona fide personal financial emergency.

*\* Information in this article was obtained in part from American Land Title Association, Alta.org.*

## **3-DAY WAITING PERIOD**

The consumer must receive the Closing Disclosure 3 days prior to consummation. If specific changes are made after the borrower receives the CD then an additional 3-day waiting period may be required by the lender.

The following changes will restart the 3-day waiting period:

- APR becomes inaccurate
- Loan product changes
- A prepayment penalty is added

## **SOMETHING TO THINK ABOUT**

When multiple properties are involved such as in a contingency sale, a delay resulting from an error/change on one property that triggers the restart of the 3-day TRID waiting period, will affect the other property(ies). Buyers and Sellers with moving vans packed and ready to go could be delayed which could result in extra expenses.



[WWW.CALTITLE.COM](http://WWW.CALTITLE.COM)