

GOOSMANN ROSE COLVARD & CRAMER, P.A.

ATTORNEYS AT LAW

TILA-RESPA INTEGRATED DISCLOSURES (TRID)

For Agents and your clients who apply for most residential mortgage loans after October 3, 2015 or represent a seller in a transaction governed by these new lending rules, the following are items that we think that you should know and be prepared for....

HUD-1 IS OUT AND CD IS IN: A new 5-page closing statement called the “Closing Disclosure” or CD will be used in replacement of the HUD-1 Settlement Statement.

- ✓ Most lenders, not GRCC, will prepare and deliver the CD, and we, instead, will be providing relevant closing items for the CD to the lender.
- ✓ GRCC, as closing attorney, must get information to the lender approximately 10 to 14 days prior to the closing date for completion of CD to meet the delivery requirement. To this extent, at least 10-14 days prior to planned closing date, Agents and/or the Buyer will need to communicate to us:
 - Any/all contract changes/amendments/etc.
 - ALL BUYER PAID COSTS –whether prepaid or to be paid at closing, including inspection invoices, homeowners insurance premium, survey invoices, etc.
 - Each agent’s individual real estate license number AND the real estate company’s state license number [TIP: Put your license #s into the contract up front; NCAR forms are set up to gather this, so just use it]

CLOSING DATE: The CD must be delivered to the Buyer/borrower at least three (3) business days prior to the scheduled closing date if by email or longer if by mail.

DISCLOSURE OF THE CD:

- ✓ Agents will not likely receive an advance copy of the CD before it is delivered to the Buyer/borrower.
- ✓ The lender will likely send the CD to GRCC as the closing attorney when it is sent to the Buyer/consumer, *but we will not automatically be permitted to send a copy to any real estate agents*
 - Agents will need to obtain a copy from the Buyer/borrower directly, or
 - Buyer/borrower will need to sign a consent/authorization form to allow disclosure of it to their realtor if the lender is willing to accept such a form (ask your preferred lender).
- ✓ The CD sent to the Buyer will not include the Seller’s side of the transaction, so the Seller will receive its own CD. The closing attorney will be responsible for preparing and delivering the Seller’s side of the CD and/or a separate CD for the Seller (i.e., if lender prepared the Buyer’s CD, we will prepare a separate CD for the Seller).

PRIVACY CONTROLS: The new regulations prevent any third party from being able to see any private information/mortgage-related documents for the Buyer/borrower, so:

- ✓ The Seller can no longer be in the closing conference room with the Buyer at the time of signing. Please contact us to coordinate the Seller signing separately, but if we are not preparing that Seller’s documents, note that the Seller will need to sign with their respective attorney’s office.

- ✓ Buyer/borrower will need to sign a consent/authorization form to allow the Buyer's realtor to be present at signing (some real estate firms have consent forms for this purpose and/or we will have a consent form available if needed).
- ✓ We have implemented heightened levels of privacy controls in our practice. The impact you will see most obviously are that emails from our office are encrypted when containing any non-public information regarding the Buyer's loan and blinds and doors in the closing rooms must remain closed.

DELAY IN CLOSING: After delivery of the CD to Buyer/borrower, the following changes may likely *trigger a new three-day waiting period, i.e. a closing date delay*:

- ✓ Any changes that would impact the Annual Percentage Rate on the loan, including likely,
 - Changes in seller paid closing cost credits, commission credits, etc.
 - Changes in homeowners insurance, taxes, PMI or other similar items
- ✓ Buyer changes loan terms (amount, rate, escrows, term, etc.)
- ✓ If a prepayment penalty is added to the loan
- ✓ Changes and adjustments affecting the value of the property (as determined by the lender) may trigger additional disclosure and review periods under the Equal Credit Opportunity Act (ECOA) controlling the delivery of the appraisals

AVOIDING DELAY: You may consider two pre-closing inspections/walk-throughs for the Buyer, with one occurring 10+/- days in advance of closing (in which case you have time to negotiate seller credits in lieu of repairs) and a second final inspection on the day of the closing.

REVIEW/KNOW THE CD AND PROCESS: Get familiar with the new CD form and new process so that you can answer Buyer and Seller questions and keep them informed.

- ✓ Particularly, note that the CD refers to Owner's Title Insurance as "optional" in some circumstances. Obtain appropriate advice for the Buyer on the protections given to them through owner's title insurance (and risks in waiving it) and contact GRCC or your affiliated title insurance company to help clarify this for your client.

CONTRACT DATES: The new TRID rules may affect the contract terms that you help negotiate for either the Buyer or the seller, i.e., a 30-day closing may be difficult and/or no longer realistic. It is important for you to communicate with the lender to determine a realistic timeframe for closings under these new rules.

CONTRACT CHANGES. Communicate any and all signed changes to the contract to the lender and GRCC immediately. To keep on target for closing, consider having a conversation with your Buyers about the need to respond to lender requests immediately and remind everyone that we have to follow the contract terms unless legally amended and provided to lender.