

The Start of a New Era for Residential Mortgage-Loan Closings

While Oct. 3 came and went without any particular fanfare, it did mark the start of a new era in residential mortgage lending. That was the effective date for the Consumer Financial Protection Bureau's (CFPB) new combined Truth in Lending - Real Estate Settlement Procedures Integrated Disclosure (a/k/a "TRID"). For all residential mortgage-loan applications taken on or after Oct. 3, the lenders are obligated to utilize the "TRID" disclosure in connection with closing. The familiar Truth in Lending (T-I-L) Disclosure form and HUD-1 Uniform Settlement Statement — mainstays in the residential-mortgage closing world for over 30 years — will be replaced with the TRID.



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Viewpoint

Given the length of time between submitting a mortgage application and actually getting to your mortgage closing (6-8 weeks), I am not surprised there has not been any real chaos and confusion yet regarding the utilization of the new TRID disclosure. But as we proceed through

November, I expect there will be some angst in the residential-mortgage industry as it works to implement the new disclosure.

The two major concerns with getting a handle on the new TRID disclosure appear to be:

1. The document format is entirely different than the T-I-L disclosure and the HUD-1 Uniform Settlement Statement. Rather than two separate documents, each a few pages long, the TRID disclosure combines the two documents into one document that is five pages long. The signature requirements for the TRID are also unlike any previously used for the HUD-1 Settlement Statement or Truth in Lending Disclosure. So, mortgage lenders, mortgage closers, buyers, and sellers are all going to need to retrain their brains in order to process the TRID disclosure form.

2. Under the new regulations, the TRID disclosure needs to be prepared in final form and presented to the buyer/borrower three days prior to closing. This is a major game changer to a mortgage industry that has become accustomed to generating final closing figures, in fire-drill fashion, hours or minutes prior to closing. The never-ending requests to schedule a

closing for tomorrow won't be happening under the new rule.

If you are a potential homebuyer or interested in refinancing your existing mortgage loan, be prepared for an experience unlike any you have had before. The CFPB's new disclosure requirements are going to affect the scheduling of closings in a substantial way. It will be important to be flexible as you work your way through the closing process.

So, if you thought the residential

mortgage-loan closing process has been frustrating, brace yourself for at least a temporary escalation in that frustration. ■

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