



# Top 15 Action Items To Prepare For TRID Implementation

A Real Estate Agent's Reference Guide



**NATIC**  
NORTH AMERICAN TITLE INSURANCE COMPANY

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The TILA-RESPA Integrated Disclosures (TRID) rule requires that new Loan Estimate and Closing Disclosure forms replace the Good Faith Estimate, Truth-in-Lending and HUD-1 Settlement Statement for most real estate transactions. But the rule is more than just simply replacing forms. It entails a major shift in workflow processes, timing requirements and responsibilities for the parties involved.

North American Title Insurance Company has identified 15 key items for real estate agents to learn prior to the Oct. 3, 2015, effective date to be fully prepared for the transition.

# Real Estate Agent's reference guide to TRID implementation

**No. 1 Understand the effective date.** The Oct. 3 effective date is a firm date. This means the new Loan Estimate and Closing Disclosure are to be used for qualifying consumer loan transactions for applications received on or after Oct. 3. If a lender receives an application for a loan prior to the effective date, a Good Faith Estimate and Truth-in-Lending disclosure will be used, as well as the accompanying HUD-1 Settlement Statement.

**No. 2 Know the key provisions of the rule.** Learning the rule and the requirements of all parties involved, including the lender and settlement agent roles, will provide a smoother transition. NATIC has created a PowerPoint presentation on the key elements of the final rule, which NATIC agents can use to help train real estate professionals.

**No. 3 Extend your contract period.** Because of new timing requirements specified in the rule, the National Association of Realtors (NAR) is recommending real estate agents add 15 days to the expected contract-to-close timeframe. For instance, if a transaction would normally close in 30 days, count on that transaction closing in 45 days.

**No. 4 Learn the forms.** Take the time to familiarize yourself with the Loan Estimate and Closing Disclosure. The new forms are very different from the Good Faith Estimate and HUD-1 Settlement Statement. Be prepared to explain the line items and know where the fees are located.

**No. 5 Notice the new definition of application.** The lender must provide the Loan Estimate to the borrower within three business days after six specific items of information are collected by the lender: consumer's name, income and Social Security number; property address; estimate of the value of the property; and proposed mortgage loan amount.

**No. 6 Know who will deliver the Closing Disclosure.** Lenders carry the liability for making sure the Closing Disclosure is delivered to the borrower three business days prior to consummation. The rule permits the lender to direct the settlement agent to provide the Closing Disclosure. Be aware of the workflow of the forms between the lender and settlement agent.

**No. 7 Be cautious of the "bona fide financial emergency" exception.** A borrower cannot use the bona fide financial emergency exception as a way to avoid the three-business-day waiting period. The only exemption example that the CFPB has provided is a situation in which the borrower is refinancing in order to avoid an impending foreclosure sale on the borrower's home.

**No. 8 Communicate changes as soon as possible.** The Loan Estimate and Closing Disclosure forms were designed for easy comparison of fees from one form to the other. Make sure the borrowers have received the Closing Disclosure and encourage them to compare it to the Loan Estimate. Changes at the closing table could trigger a re-issue of the Closing Disclosure, which, in some cases, could force another three-business-day waiting period before consummation can take place.

**No. 9 Avoid last-minute changes.** Lenders are not expected to be tolerant of last-minute changes. NAR recommends having everything ready seven days in advance of consummation.

**No. 10 Learn how consummation is defined in the states in which you do business.** The CFPB defines consummation as "the time that a consumer becomes contractually obligated on a credit transaction." The point in time when this happens can vary from state to state. For example, it could be the closing date, the date of recordation or other date, depending on state law.

**No. 11 Understand the title insurance fees.** When a simultaneous-issue discount is applied, understand the calculation on the forms. The CFPB designed the forms so that the full amount of the loan policy is disclosed to the borrower. For states that have a simultaneous-issue rate premium, the loan policy premium will be calculated and disclosed on the forms as if no owner's policy is being issued. The owner's policy premium will be calculated by taking the full owner's policy premium, subtracting the full loan policy premium and adding the simultaneous-issue rate. The closing or settlement agent can assist you and your customer to understand these rates and calculations.

**No. 12 There is no grace period for compliance.** Lenders, settlement agents and real estate professionals must be in compliance with the TRID rule when it becomes effective.

**No. 13 Understand the role of the secondary market.** A loan that has a potential RESPA or TILA error will at a minimum be difficult to sell on the secondary market. Therefore, lenders are going to want to make sure there is no chance of violations. Timing and delivery requirements of the forms must be met to ensure compliance.

**No. 14 Be aware of liability and enforcement concerns of lenders.** Lenders face stiff fines if they are found to be noncompliant with CFPB regulations, including the TRID rule. Because of this, lenders will be scrutinizing every aspect of the transaction and settlement agents and real estate agents will need to play an important role in ensuring compliance.

**No. 15 Collaborate with the settlement agent.** Your settlement agent will be working closely with the borrower's lender to facilitate details regarding the transaction and to deal with any last-minute changes. Make sure you cooperate with your settlement agent throughout the process. Share a transaction calendar so you know what to expect and when to expect it.



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