

Real Estate Agent/Broker Alert

Ways to Help Speed the New Mortgage Process

The new “Know Before You Owe” or TILA RESPA Integrated Disclosure (TRID) rule from the Consumer Financial Protection Bureau (CFPB) starts October 3, 2015. It not only requires new mortgage disclosure forms, it changes the way real estate transactions are processed and closed. By understanding the rules and taking certain steps, you can help speed the process.

EXPECT NEW FORMS

- The Good Faith Estimate (GFE) and the early Truth in Lending (TIL) disclosure will be combined into the Loan Estimate (LE) provided no later than three business days after an initial application.
- The HUD-1 and final TIL will be combined into the Closing Disclosure (CD) provided at least three business days before closing.
- Together, these disclosures detail the consumer’s monthly payment, the costs of getting a mortgage, the costs to close and other pertinent information about the loan.

KNOW THE NEW TIMELINES

The rules require the consumer be given or mailed:

- A Loan Estimate (LE) within three business days after the consumer applies by providing six items of basic information — name, income, social security number, address of the property for the loan, estimated value and the mortgage loan amount sought;
- A Closing Disclosure (CD) at least three business days prior to closing so they have time to review it;
- An additional three business days to review a revised CD if the consumer or lender make certain changes to the annual percentage rate (APR) or loan product after the CD is received; and
- At least seven business days to review the paperwork between the time the consumer receives an LE and closing.

HELP SPEED THE PROCESS

- Learn the features of the new forms and be prepared to answer client questions;
- Write your purchase and sale contracts with these new timelines in mind;
- Learn the new time limits and do not overpromise a quick closing. Loans and purchases can be expected to take an additional 10-14 business days to close, at least initially;
- Coordinate back-to-back closings carefully;
- Urge clients to provide any documents needed for loan processing as soon as possible;
- Avoid last minute changes or negotiations;
- Advise clients to raise questions to the lender, request any changes to the loan and arrange walkthroughs earlier in the process and before the CD is issued where possible; and
- Communicate with your lender and title partners as needed during the transaction to provide cost and other information known to you and otherwise help the process run smoothly.

If you have any questions, please contact your lender partner.