

What's Up In Your TRID Neighborhood October 2016

Dee McComb, Settlement Solutions

deemccomb@yahoo.com / 206-890-1983

Angie DeArth, Inland Professional Title, contributor

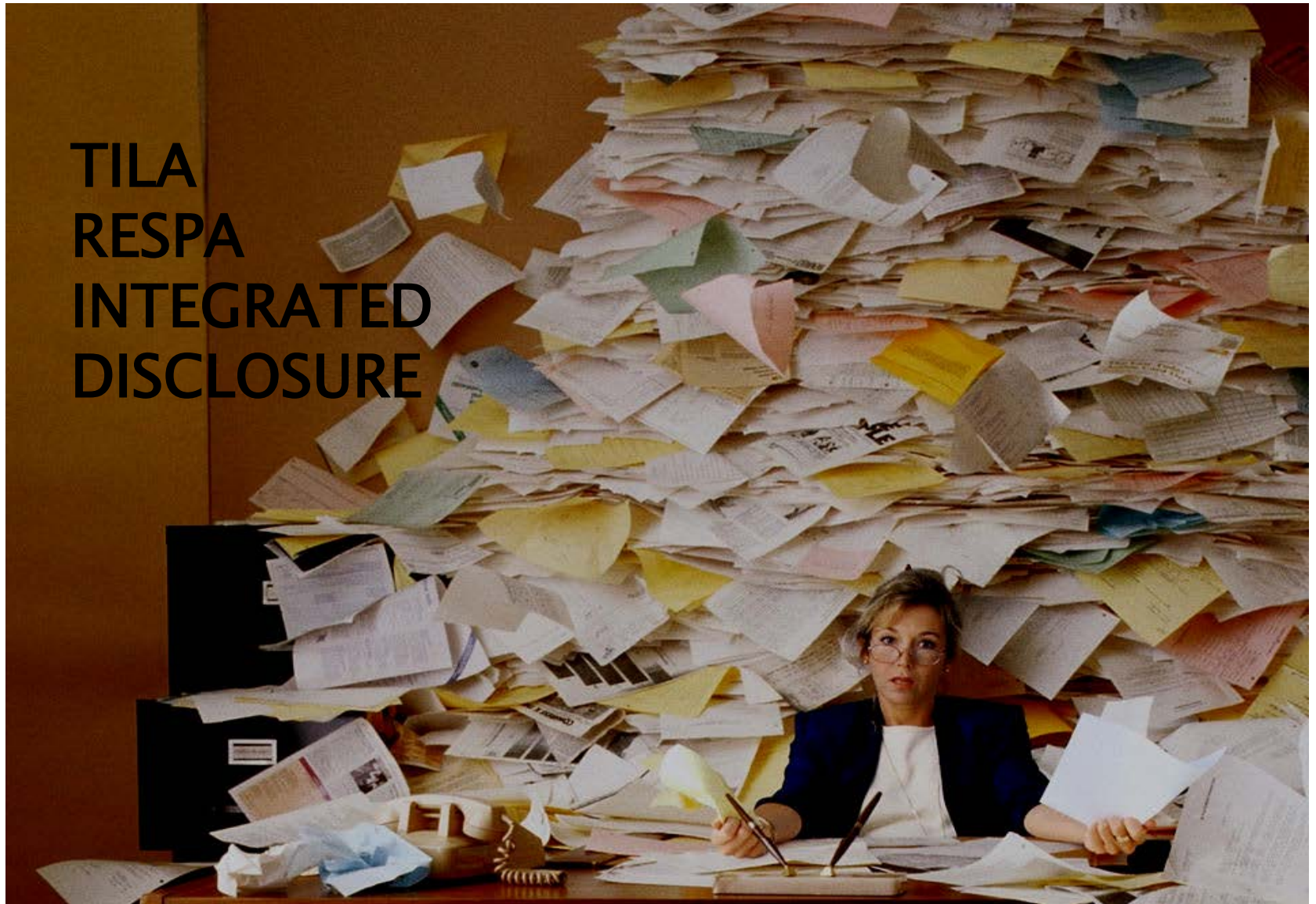
TRID UPDATES

- ▶ First we had 8-1-15 as our deadline
- ▶ Then the effective date was 10-3-15
- ▶ Then, TRID was in place, BUT the lenders were not fined until after 2-1-16
- ▶ Now, here we are October 2016, MORE THAN ONE YEAR LATER.....

HOW IS TRID WORKING FOR YOU??????



**TILA
RESPA
INTEGRATED
DISCLOSURE**



TRID is 1,666 Pages



AKA:

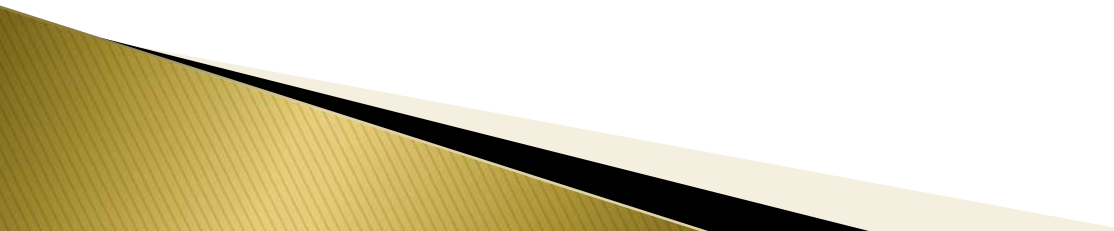
**THE
REASON
I
DRINK**



There were classes.....



RIP-HUD1

- ▶ And more classes
 - ▶ And discussions, seminars, workshops, panels
 - ▶ Settlement agents, closing officers, escrow officers, real estate agents
 - ▶ We reviewed all the changes that were coming!
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Closers were excited!

- ▶ Lenders would be responsible to create the Closing Disclosure
- ▶ Lenders would send a copy of the CD to both the purchaser AND the closer 3 days prior to *consummation* (a word we were told would be used in connection with the “CD”)
- ▶ Lenders would send loan documents to closers ahead of time!

AND, did this all happen??

NO!





Here are some of the common issues

1. CD's were incomplete and wrong.....
2. Closers have trouble “balancing”.....
3. Title rates and how disclosed.....and how entered
4. Privacy issue on CD's.....
5. Time sensitive documents and the many issues.....
6. Consumer vesting issues.....who knew?.....

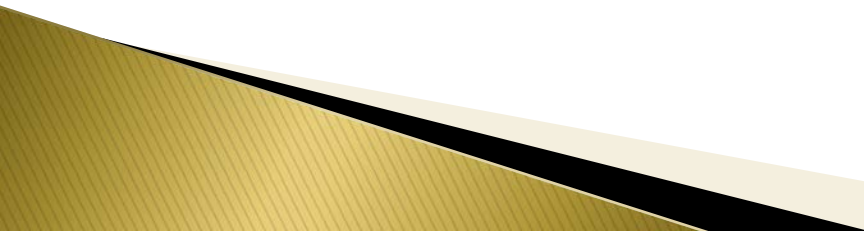
From a seminar recently – Escrow Association of Washington

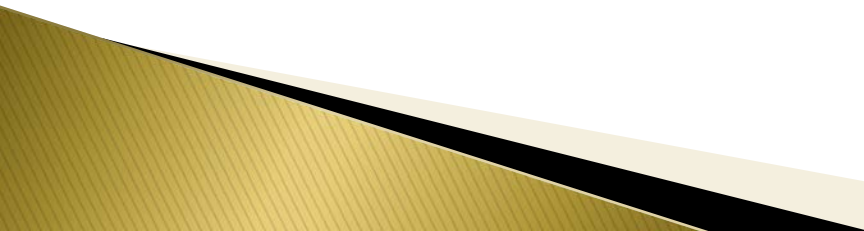
- ▶ Approx. 65% of all closings require one or more addendums extending the date
- ▶ Over 50% of all closings are Same Day signings/fundings
- ▶ IS THIS THE NEW “NORM”?????

And, now, some very recent “HORROR STORIES” from closers



Aces Risk Management Survey

- ▶ A report was recently issued that was derived from reviewing post-closing quality control data from more than 60 lenders and covers more than 50,000 loans
 - ▶ 1. TRID compliance violations were found in 90% of the loans
 - ▶ 2. Most errors identified in these reports were merely technical in nature and not serious
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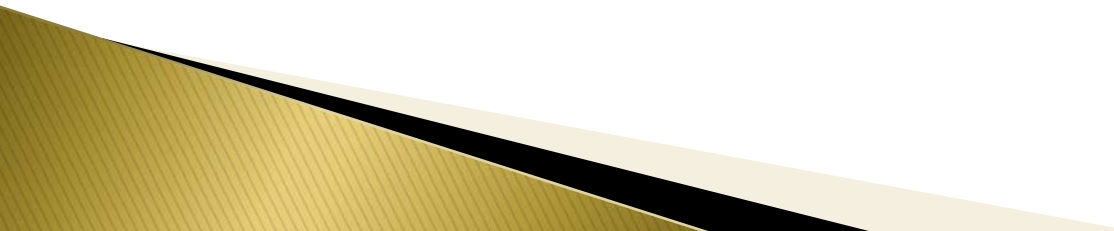
- ▶ 3. But on the other hand serious mortgage defects are rapidly rising
 - ▶ 4. In this review, one key issue is the CD
 - ▶ 5. A large number of defects are directly attributed to the creation of the CD by lenders rather than settlement agents
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A 293 page proposal
is up for comment right now

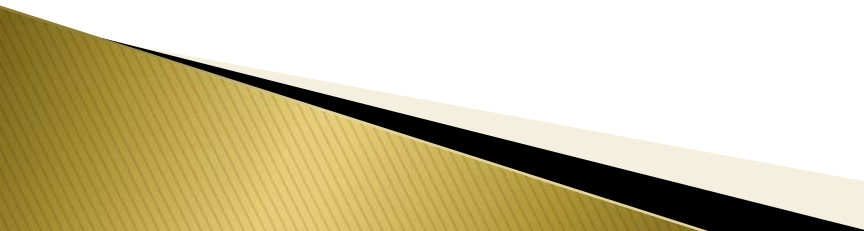


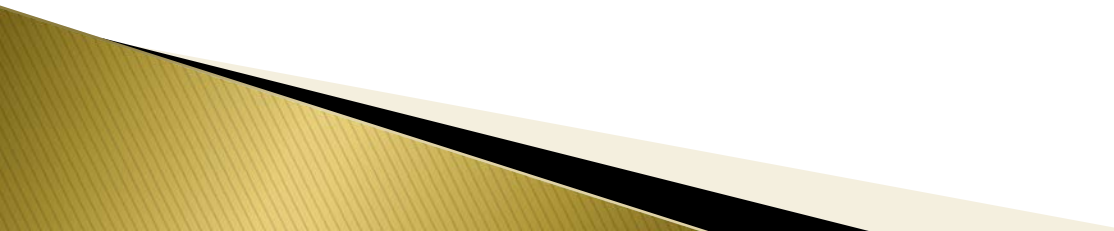
ANPR = Advanced Notice of Proposed Rulemaking

- ▶ CFPB is asking for written input by the industry by 10/18/16
- ▶ They have said written comments will be weighed carefully before the final regulations are issued (what does that really mean?)
- ▶ And, by the way, the proposal which is posted for anyone to read is only 293 pages....

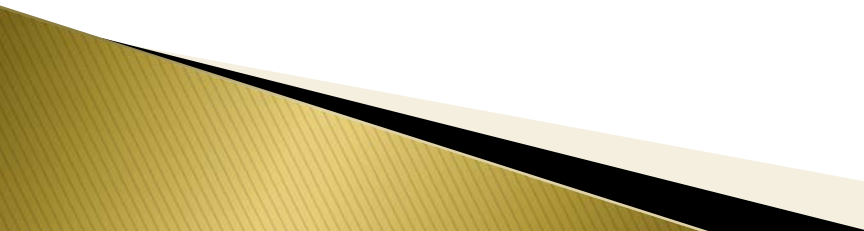
- ▶ There are no proposed changes to some of the issues of greatest concern to title insurance agents, including the disclosure related to simultaneous title policy rates and “optional” language relative to the owner’s title insurance policy
 - ▶ WHY NOT????
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Instead, CFPB proposed amendments are in the following areas:

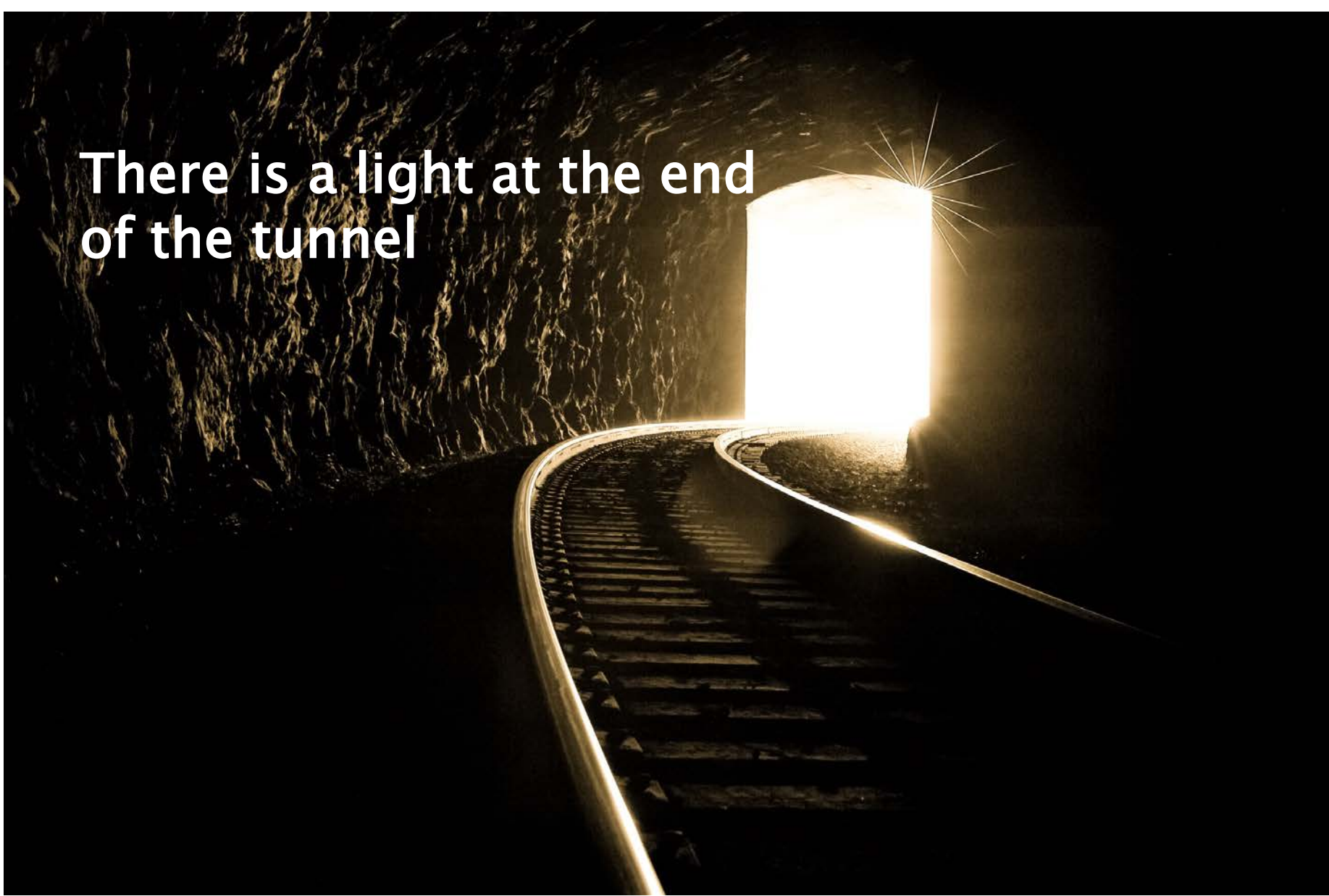
1. Creating a tolerance for the total of payment calculation
 2. Excluding recording fees and transfer fees from the one percent fee limit that applies to the TRID rule exemption for down payment assistance and similar subordinate lien loans made by FHA, Fannie and Freddie
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3. Amending the scope of TRID rule to cover units in a cooperative whether or not they are considered real property.
 4. Clarifying how a creditor may provide separate Closing Disclosures to the consumer and the seller through removal of information that raise privacy concerns. The National Association of Realtors was very instrumental in seeing that this was addressed and it sounds like there is a great chance it will be passed.
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Many other minor issues.....

- ▶ Affiliate charges
 - ▶ Calculating case to close table
 - ▶ Construction loans
 - ▶ Decimal places and rounding (LE)
 - ▶ Escrow account disclosures
 - ▶ Escrow cancellation notices
 - ▶ Expiration dates for the closing costs disclosed on the LE
 - ▶ Gift Funds
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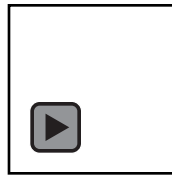
**There is a light at the end
of the tunnel**



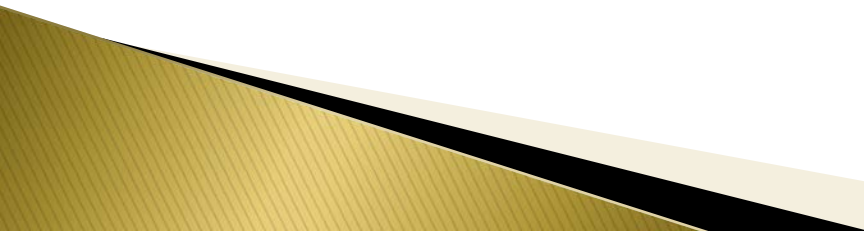
- ▶ The current report that was done by Aces Risk Management states that the lending industry now understands the cause of the defects and they can implement corrective action plans and then we will see compliance defects to trend downward once more.

KEEP RESPA IN MIND

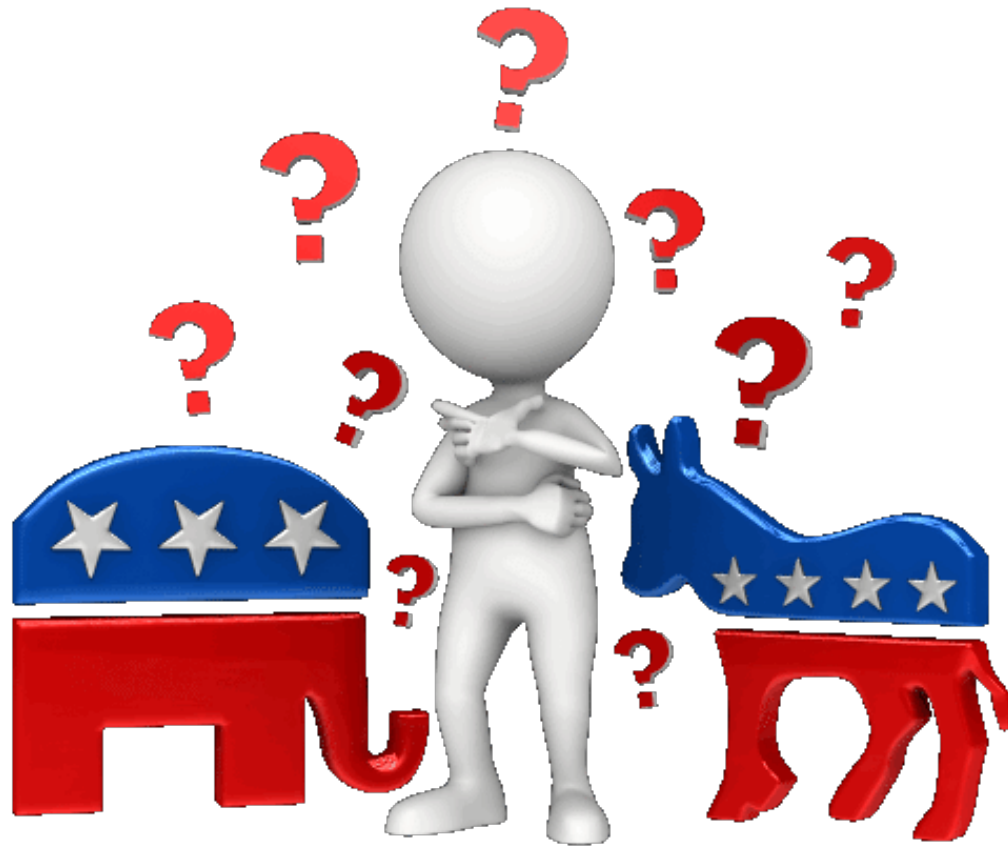
- ▶ Recent decision re PHH – federal appellate court – 3 member panel
- ▶ Not just about constitutionality of CFPB – but used Section 8 as the basis and \$109M fine regarding referral fees



RESPA CONTINUES

- ▶ While our focus is on the disclosures and delivery of loan documents – or the misdelivery of loan documents – RESPA was not abandoned all together
 - ▶ Section 8 is alive, if controversial for lenders because of HUD interpretations vs CFPB rulings
 - ▶ PHH issue was one of disclosure about change CFPB interpretation
 - ▶ A consideration re charging for portal management
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Political outcomes.....



So what do you think?

