

BASICS OF THE TILA-RESPA INTEGRATED DISCLOSURE RULE



WHAT

Changes to the Loan and Settlement Disclosure forms and processes are coming.

WHEN

The changes will be effective for transactions where a loan application is received by a lender after the TRID implementation date.

WHY

Because the Dodd-Frank Act of 2010 mandates the combination of the Truth in Lending Act (TILA) loan disclosures with the Real Estate Settlement Procedures Act (RESPA) Good Faith Estimate and HUD-1 Settlement Statement disclosures.

HOW

The Consumer Financial Protection Bureau (CFPB), an entity created by the Dodd-Frank Act, issued a new TILA final regulation that, among other things, created two new forms (each with many variations) and new 3 business day delivery requirements.

- Loan Estimate – 3 business days after application
- Closing Disclosure – 3 business days before consummation

WHO WILL ISSUE THE FORMS?

- Loan Estimate – Lender or Mortgage Broker
- Closing Disclosure – Lender or Settlement Agent (Escrow). Lender may delegate responsibility to the Settlement Agent (Escrow).

ENFORCEMENT

The CFPB can levy substantial penalties so lenders will be very cautious:

- Up to \$5,000 per day for any violation of a law, rule, or final order or condition imposed in writing by the Bureau;
- Up to \$25,000 per day for any person that recklessly engages in a violation of a Federal consumer financial law; and
- Up to \$1,000,000 per day for any person who knowingly violates a Federal consumer financial law.

IMPACT ON REAL ESTATE PROFESSIONALS

- Closings may take longer because of 3 business day review periods.
- You'll be seeing different forms for most transactions.
- Your contact information and license number must appear on the Closing Disclosure form. (see page 5 of the Closing Disclosure form)
- Your clients may receive multiple Loan Estimates due to:
 - » "Changed circumstances" – certain defined circumstances that cause the estimated charges to increase by more than the variance allowed under the Final Rule;
 - » Multiple applications with different lenders; or
 - » Multiple applications for different loan products with the same lender.
- Your clients may receive multiple Closing Disclosures:
 - » Some with a 3 day business day waiting period and some without; and
 - » Some before closing and some after.

Surety Title Services of Florida, Inc.

Mindy Sharp

President

32815 US Highway 19 North, Suite 100-A

Palm Harbor, FL 34684

O: 727-799-0909 | F: 727-799-0109

www.suretytitle.net

docs@suretytitle.net

First American Title Insurance Company makes no express or implied warranty respecting the information presented and assumes no responsibility for errors or omissions. First American, the eagle logo, First American Title, and firstam.com are registered trademarks or trademarks of First American Financial Corporation and/or its affiliates.

AN INDEPENDENT POLICY-ISSUING AGENT OF FIRST AMERICAN TITLE INSURANCE COMPANY

AMD: 08/2015

©2015 First American Financial Corporation and/or its affiliates. All rights reserved. • NYSE: FAF