Your Voice

Now What?

Regardless of the outcomes our industry will adjust. One thing is for sure, policies, procedures, and technology will continue to play an essential role in mortgage compliance.

By Amanda Phillips

TRID 2.0 was finally released on July 7, 2017. With an effective date 60 days after the final rule is published in the Federal Register, and a mandatory compliance deadline of October 1, 2018, the industry is sure to have a lot to say about these new regulations that are set to go down.

TRID 2.0 is meant to provide additional clarity to the original TRID rule that went into effect on October 3, 2015. Changes include:

Cooperative Housing. Loans on cooperative housing are now covered by TRID, having previously been left to state law definitions of real and personal property.

Tolerances. New tolerances have been added and others have been clarified, including total of payments, the "no tolerance" category and good faith, and property taxes.

Rate Locks. A new Loan Estimate, or Closing Disclosure, must be provided upon rate lock, even if nothing has otherwise changed.

Escrow. The Closing Disclosure Escrow Account Disclosures have been clarified, allowing for 12 months in "Year 1" calculations.

Additional Guidance. The amendment provides additional guidance around disclosure of construction to permanent loans, simultaneous second loans, disclosure of principle reductions, and a reiteration that re-disclosure of the Loan Estimate (LE) or Closing Disclosure (CD) is permitted at any time.

What's Missing?

The CFPB has not yet finalized proposed changes to resolve the infamous "black hole" issue; instead, they published a new proposal. In case you're unfamiliar, complications arise due to potential timing conflicts between the Loan Estimate and the Closing Disclosure.

If a borrower experiences a change in circumstance after they have received the Closing Disclosure and needs to delay the date of closing, there are concerns that a lender will be unable to comply with both the requirements to provide a revised disclosure to the consumer within 3 business days of the change and simultaneously within 4 business days of consummation in order to reset the tolerance thresholds for the good faith determination. There is even uncertainty of the ability of a re-disclosed Closing Disclosure to reset tolerances at all. Can we expect a final TRID 3.0 to resolve the issue?

What Happens Next?

Our main concern after dissecting TRID 2.0 is the phased implementation. On the surface this sounds like a great thing for lenders, but what happens when a consumer compares disclosures between lenders? This gets tricky when it comes to the application date. Additionally, you don't want to change to the new calculations in the Calculating Cash to Close table mid-loan cycle with your consumers. This would result in re-disclosed Loan Estimates, or the Loan Estimate and Closing Disclosure on a single loan may utilizing different logic. This could confuse. ❖

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