



SHINE BRIGHT

TRID: TWO YEARS LATER - THREE DIFFERENT PERSPECTIVES

There was a considerable amount of pushback from the real estate community when TRID (TILA-RESPA Integrated Disclosure rule) was implemented in October 2015. TRID changed the way real estate transactions were processed and closed, bringing with it new forms, timelines, and changing practices. Also known as 'Know Before You Owe,' the rule issued by the Consumer Financial Protection Bureau (CFPB) and was intended to make the mortgage process more transparent for homebuyers. In the hustle and bustle of a big move, buyers and sellers might not always remember to

Now, a full two years after implementation, we thought we'd look at the impact of TRID today – from the perspective of consumers, TRID enforcers and the real estate community:

Consumers

In a study conducted by ClosingCorp in 2017, 35 percent of repeat and first-time homebuyers, who purchased a home between Jan. 1 2016 and Jan. 1 2017, said that their closing costs and fees were higher than they originally expected. While TRID has been noted to help first-time millennial homebuyers better understand closing costs, the jury is still out on whether it has done enough to clarify settlement costs for consumers.

TRID Updates

In July, the CFPB issues a final rule clarifying and amending portions of TRID. Those rules go into effect October 10, 2017, but are not mandatory until October, 2018. This will give lenders the ability to start complying with the changes once they are ready to do so.

The Real Estate Community

"We did our prep work," noted Charles Oppler, broker/owner of Prominent Properties Sotheby's International Real Estate in New Jersey. "We held classes and invited experts in to help our agents understand and prepare to operate under the new regulations. But I have to say, in those first few months, nearly every other closing was delayed."

Real estate sales associates who got the readiness classes provided by most brokerages went into the TRID era with a working knowledge of the new regulations and familiarity with the paperwork. However, time has revealed that some of the training only included sample forms based on conventional loan products. Training materials pertaining to less conventional loan products, such as FHA and VA loans, were not as readily available. This has led to ambiguity with these transactions since legislation has gone into effect.

The takeaway is that two years after TRID, challenges continue to be encountered by all parties involved. In addition, while some consumer surveys have been favorable, it is doubtful that any system will ever completely eliminate hiccups in the process of disclosing closing fees.

Still, some are more optimistic than others. "The longer anything is in effect, the easier it becomes," Oppler added. "Paperwork gets in earlier. Lenders spend less time preparing documents – and as agents get better at coordinating, and develop better communication with lenders, delays become less frequent. In the end, the new rules may give us the opportunity to add value to our role as client advisors."

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