

## TRID Best Practices



### **It's the law, be the expert! Education and communication are key.**

- A buyer should have a lender relationship before a purchase agreement is signed.
- Understand the expectations of the lender for delivery of the Closing Disclosure.
- Communicate the importance of acknowledging the Closing Disclosure within the required timeframe.
- Set realistic closing dates keeping in mind inspection windows and the typical 2 week time frame for an appraisal.
- Provide HOA company contact info and payoff information from current lender to the title company the day title is ordered.
- Be sure to have the listing contract accessible if requested by the title company or lender.
- Educate sellers about possible upfront costs of obtaining HOA letters and payoff information.
- Educate buyers on what credit and income changes could affect their loan and closing date.
- Keep communication open with the lender and title throughout the process.
- Changes at the table could delay closing and should be avoided.
- This rule does not apply to cash or commercial transactions.

The new effective date of the rule is October 3, 2015. The date used to determine what rule is applied is based upon the loan application date not the purchase agreement date. Any loan application made prior to October 3, 2015 will continue to use the HUD-1. Any loan application on or after October 3, 2015 will use the new Closing Disclosure.

## **What the rules say**

The Loan Estimate replaces the Good Faith Estimate and the Truth in Lending.

The Loan Estimate:

- is more inclusive with fees.
- is more in line with closing disclosure.
- provides estimated cash to close.
- is more consumer friendly.

The Loan Estimate is delivered within 3 business days after application. The acknowledgement by the buyer that it has been received and an intent to proceed gives the lender the ability to order the appraisal and move forward with the process.

The Closing Disclosure replaces the HUD-1 and final Truth in Lending statement.

- The Closing Disclosure must be delivered and acknowledged by the buyer at least 3 days prior to closing.
- The lender will determine what is considered an acknowledgement of the Closing Disclosure.
- There are only 3 instances that will require re-disclosure and a new 3 day waiting period:
  - The loan product changes.
  - The addition of a prepayment penalty.
  - The APR changes more than .125% for fixed rate and more than .25% for adjustable.
- Any other changes can reissue a closing disclosure but not necessarily change the closing date.

In case of a breakdown in communication, MIBOR is here to help navigate REALTORS® through this process under the Ombudsman Program.

You can contact us at (317) 956-5241 for assistance.