

**TRID Questions. Do You Have the Answers?**

**So It Begins**

Like it or not, TRID has finally arrived. Any applicant for a mortgage loan originated as of October 3rd must receive the new Loan Estimate within 3 general business days of the application. By the way do you have a mechanism in place to know when you “receive” an application? It is important as that is when the 3 day requirement begins. As a quick reminder here are the 6 elements that make up an “Application” under the new TRID rules:

1. Name
2. Income
3. Social Security Number
4. A property address
5. An estimated value of the property
6. Loan amount

Don’t get off on the wrong foot by not issuing the initial Loan Estimate on time. Remember, you cannot charge the applicant any fees in connection with the loan until they have received the initial Loan Estimate!

**Let It Be Done**

Do you have written policies and procedures in place now that clearly outline the process to be followed for TRID compliance? Are all involved employees fully aware and following these policies? By now, all employees, from your Loan Originators through those in the Closing Department, should have been trained on the new rules and how they affect what they do, as well as how and when things need to get done.

Have changes be implemented to allow for the timely required delivery of revised disclosures? If not you run the risk of missing out on the collection of increased fees. Who will be responsible for issuing the revised disclosures and how will this be monitored?

Do you have reviews and checkpoints along the way to ensure loan quality throughout the loan manufacturing process? Remember, the initial Closing Disclosure must be received by a borrower at least 3 specific business days prior to loan consummation. Otherwise, you can’t close the loan. And, once you’ve issued the Closing Disclosure, you can no longer send a Loan Estimate.

It’s important to get the loan approved, updated and finalized so the final Loan Estimate and the Closing Disclosure can be done on time, and they accurately reflect the terms and conditions of the loan, the fees and charges to be expected at closing, and amount of money needed to close.

This will minimize the need to issue a revised Closing Disclosure and the risk of the additional 3 day waiting period that goes along with it; upsetting your customer, the realtor and the seller. Not good PR. Do you know when you need a new 3 day waiting period? Do you have a process to identify changes at the closing table and issue a revised Closing Disclosure to avoid delays?

**The Real Change**
As I continue to say, every chance I get, the real change brought about by TRID is in how a lender needs to conduct their business. Heretofore, lenders, banks and independents alike, have not been very good at getting accurate information into the hands of a borrower in any reasonable time prior to a closing. This resulted in way too many problems arising at the closing table, too many delays and whole bunch of dissatisfied customers. This had to change.

So we got TRID. Processes now need to be modified to allow for time to review and approve a loan application and provide the consumer with all the important details about their loan at least 3 full business days prior to them becoming legally responsible for that loan. That doesn’t seem to me to be unreasonable. We should not have needed a law to force lenders to do so. But, now we have one, and process and procedures must ensure that related requirements are met.

To meet this challenge banks must have processes, procedures, systems and well trained people, all supported by adequate technology, with well documented plans, to ensure full compliance with the new TRID rules. This will help to demonstrate a good faith effort (which will be a benefit according to CFPB) in the event of minor slip ups along the way, which may be cause for a potential enforcement action by the CFPB.

Everyone involved in the lending process must have a sense of urgency and be aware of their role, including all service providers. The bank is responsible for the entire lending process. That includes the activities of all those involved anywhere along the line; employees, agents and service providers. You must ensure that all are doing their part correctly. A chain is only as strong as its weakest link; trust but verify.

Click here to explore some additional free reference tools to help you keep on track.

Are You Prepared?

The game has changed; play different.

About the Author — Michael L. Vitali - SVP/Chief Compliance Officer

Mike Vitali presently serves as the Senior Vice President and Chief Compliance Officer of LoanLogics, monitoring regulatory developments and their practical implications for the mortgage lending industry. His duties include the research, interpretation and analyzing of existing and proposed legislation related to the industry to recommend policy and/or procedure changes to maintain continued quality and compliance with all applicable laws, rules and regulations, investor requirements, and standard mortgage practices. In his more than 40 years in the mortgage industry, in senior level management, he has gained experience in all areas of mortgage lending, risk management and compliance.

Mike is a past President of the MBA of Greater Philadelphia, is a charter member and was the second Chairman of the MBA of Pennsylvania, and a past board member and Legislative Chair of both associations. He is a recipient of the 1998 Mortgage Banker of the Year Award from the MBA of Greater Philadelphia, and the 2003 Chairman’s Award from the MBA of PA, and currently serves on several compliance related task forces for MBA.