

Attn: HFA Lenders,

TILA-RESPA Integrated Disclosures (TRID)

May 18, 2015

In This Issue – **Big Changes Coming on August 1, 2015**

This Bulletin is the first in a series intended to provide a high-level overview of the new TILA RESPA Integrated Disclosures (TRID) that will be required beginning August 1, 2015. Future Bulletins will focus on specific aspects or issues related to TRID.

Background & Reasons for Change

- *Currently, Four Disclosure Forms* - For more than 30 years, Federal law has required lenders to provide two different disclosure forms (GFE & TIL) to consumers when they apply for a mortgage and two different forms (TIL & HUD-1) at or before closing.
- *In the Past, Two Agencies* - Two different Federal agencies (HUD & FRB) developed the disclosure forms separately under two Federal statutes: The Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act of 1974 (RESPA).
- *The Problem: Inconsistency & Confusion* - In general, the information on the current disclosures overlaps and the language is inconsistent. As a result, consumers often find the current disclosures confusing and lenders find them difficult to explain to consumers.
- *The Solution: One Agency, Two Integrated Disclosures* – The Dodd-Frank Act created the [CFPB \(Consumer Financial Protection Bureau\)](#) and directed the new agency to integrate the mortgage disclosures. After extensive consumer and industry research, the CFPB issued the final regulation on November 20, 2013 with an *effective date of August 1, 2015*.

The New Disclosures – The Loan Estimate & Closing Disclosure

The initial disclosure will be known as the **Loan Estimate**, replacing the GFE and Early TIL. The disclosure for settlement will be known as the **Closing Disclosure**, replacing the Final TIL and HUD-1.



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The New Disclosures – What they Look Like

The new disclosures are more dynamic documents than just forms because the content within the new disclosures provided to consumers will vary based on the each loan's features. That is, different data and information will be on the disclosures depending on the loan features (Fixed, ARM, Refinance, etc.). The following are examples of disclosure samples that are available on the [CFPB website](http://www.consumerfinance.gov). We encourage all our Correspondents and Brokers to take some time to review all of the new disclosure sample forms on the [CFPB Website](http://www.consumerfinance.gov).

Link to CFPB Website – Samples and Guidance:

<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>

Sample Loan Estimate – Fixed Rate Loan:



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Sample Closing Disclosure – Fixed Rate Loan:



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Which Loans Require The New Disclosures?

Most closed-end consumer mortgages will require use of the new disclosures; the exceptions are:

- Home Equity Lines of Credit (HELOC)
- Reverse mortgages
- Mortgages secured by a mobile home or dwelling not attached to real property
- Loans made by persons who are not considered “Creditors” under TILA because they make five or fewer mortgages a year

What's Next?

- [Explore the CFPB website on TRID](http://www.consumerfinance.gov) and become familiar with the new disclosures.
- Work with your company's legal and compliance experts as well as your software vendors to ensure compliance by August 1, 2015.
- Look for and read future Bulletins we will be issuing about TRID compliance in the upcoming weeks.

