

What Realtors Need to Know



BEFORE OCTOBER 3, 2015

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UPCOMING CHANGES

- **Loan Estimate (LE)** replaces the initial Good Faith Estimate (GFE) and the initial Truth-in-Lending (TIL) and must be provided to the consumer, either by delivering by hand, electronically or placing in the mail, no later than three business days of the receipt of an application.
- **Closing Disclosure (CD)** replaces and combines the HUD-1 and the final Truth-in-Lending disclosures and must be provided to the consumer at least three business days prior to consummation.

Consummation is not the same thing as closing or settlement. Consummation occurs when the consumer becomes contractually obligated to the creditor on the loan, not, for example, when the consumer becomes contractually obligated to a seller on a real estate transaction.

THOUGHTS PROVIDED BY NAR

- **Add 15 days to your transaction time.** If you could normally close in 30 days, make the contract 45. TRID does not sufficiently address the "unexpected;" the stranger the deal, the more potential for issues, so give it more time.
- **Manage Closing Disclosure timing.** Lenders will review, approve, and issue every change, because they are fully liable for everything on the CD, so last minute changes could be problematic. As soon as a change is known, it must be communicated to the lender.
- **Track progress studiously.** Realtors, loan originators, and everyone with direct consumer contact must stay on top of their transactions and customers. Closing documents need to be ready well in advance of the Closing Date. Loans closing on the 30th of the month should be prepared to close by the 23rd. Buyers shouldn't expect to make changes, and sellers shouldn't do anything that could cause a change at the table.
- **Embrace the deadline.** TRID is effective for applications received on or after October 3, 2015.
- **Focus on three things between now and October 1:** (1) maintaining regular contact with your business partners (lenders, title providers, vendors, etc.); (2) avoiding last minute changes on your end; and (3) helping your business partners avoid last minute changes on their end.