

Consumer Financial Protection Bureau Delays Implementation Date for TILA-RESPA Integrated Disclosure Requirements

Now that the Consumer Financial Protection Bureau (CFPB) has set October 3, 2015 as a firm date for full implementation of TILA-RESPA Integrated Disclosure (TRID) requirements, lenders, settlement agents and real estate attorneys need to ask, "Are we ready?" For the proactive firms that were planning on an August 1 implementation date, chances are, they are ready. For others, the answer may be, No."

The good news is that delayed implementation gives settlement agents and real estate attorneys who are unprepared more time to get systems in place, learn the new forms and work out the bugs before October 3, 2015, so there will be no delay in their real estate closings when the date arrives.

Why TRID Implementation Was Delayed

Delaying the implementation date of the "Know Before You Owe" mortgage disclosure rule has been debated for some time. As early as June 2015, the CFPB indicated it would push implementation forward from August to October since the August date came under heavy fire from the mortgage industry and Congress as being too soon for lenders, banks and closing companies to meet all the required changes.

As it turns out, the CFPB was going to need an additional two weeks after August 1 to compensate for an administrative error. Since a delay was already imminent, the CFPB decided to move the implementation date to October, giving the industry more time to prepare for the changes.

The CFPB believes the date change will "benefit both industry and consumers with a smoother transition to the new rule." The extra two months give lenders and agents more time to ensure total compliance with the law and will benefit borrowers who should hopefully experience transactions with fewer errors.

The choice of date was purposeful, too. October 3, 2015 is a Saturday. Although hiccups are expected, it is hoped that the Saturday start date will give parties time to iron out any issues before the start of the work week on Monday and result in less business interruption as the new procedures are adopted

The benefit to consumers of a date change played a big role in the CFPB's decision. Presumably, with more time to prepare, mortgage lenders and settlement agents will be able to process transactions with minimal delays for it. Of course, the entire push behind TRID is to benefit consumers by making the mortgage process more transparent. Anytime lenders can process documents more efficiently, consumers benefit.

7 Questions to Help Determine TRID Readiness

There are 7 questions closing agents can ask themselves to determine their TRID readiness.

1. **What are the new disclosure forms?** The two new forms that will soon be required for most real estate closings are the Loan Estimate (LE) and the Closing Disclosure (CD) forms. Failure to use the new forms will put transactions at risk and can lead to severe consequences for the settlement agent or agency or the lender that is out of compliance.
2. **What makes these new forms unique?** The LE and CD forms combine and reduce four current forms to just two forms. The current Early Truth in Lending (TIL) Statement and Good Faith Estimate are combined in the new Loan Estimate form, while the current Final TIL Statement and HUD-1 Settlement Statement become the new Closing Disclosure form. Language is consistent across the forms and there is greater transparency of closing costs. The forms eliminate redundant data requirements, duplicate data entry and reduce confusion among borrowers and closing agents. The changes should speed up closings.
3. **What is the impact on real estate attorneys?** Attorneys who perform closings in-house will need to not only replace current

forms with the two new forms, they will also need to follow new closing procedures, meet new timing requirements and change the way data is shared and the way paperwork is submitted. For example, manual and PDF submissions won't be accepted anymore. Although the changes seem quite lengthy, they streamline closing processes, reduce data entry, paperwork demands and make the entire process more transparent for borrowers.

4. **Will software updates be required?** Real estate closing software programs will need to be updated since current programs do not have the new forms and some do not have the data-sharing capabilities required by the TRID changes. Some software developers are providing updates; others are offering entirely new systems to meet TRID demands.

5. **What is the software status?** Whether or not a real estate closing attorney needs to update their software or purchase new software depends largely on their software vendor. Some vendors started to prepare for the CFPB changes very proactively, when the changes were first announced in 2011. Proactive vendors developed updates to current systems or entirely new solutions to meet the new TRID requirements. Other developers took a wait and see approach, unsure if the new rules would stick. As a result, vendors who delayed may be playing catch-up now, to finalize software changes on October 3, 2015. Still another group chose to do nothing to update their software and is letting their clients find their own way to comply with the new rules.

Real estate attorneys must talk to their software provider to find out if an update is coming, an upgrade is available or if they will need to find a new solution before October 3, 2015.

6. **What kind of training is in place?** Familiarity with new closing requirements, new forms, new software, new submission guidelines won't just happen automatically. Smart settlement agents will have planned for training to get their entire staff up to speed on the new requirements and understand the impact the requirements will have on their business. At a minimum, firms should know how to use their real estate closing software; know

what the new forms look like, when to use them, how to fill them in and how closing documents must be submitted to the lender. Lenders will be responsible for ensuring compliance to a greater degree than ever before — and the fines for non-compliance are huge. It is likely that lenders will be very strict about how closings are handled so they aren't fined for mistakes others make in the process.

7. **Where is training to be found?** Software providers are the best source for new software system training. Anyone who works with closings or handles closing documents must be trained on the new software and the new TRID requirements. To learn more about TRID in general, visit the Consumer Finance Protection Bureau website at www.consumerfinance.gov.

Making Good Use of the Extra Time

An October implementation date gives everyone in the industry more time to get things right. Real estate closing attorneys are taking advantage of this time to purchase, install, and test new systems, review their current systems and procedures for compliance and even bring closings in-house for the first time.

Thanks to new software solutions, like EasyCDF by Easy Soft, that make closings as simple as filling in the blanks, small law firms and solo practitioners can provide closing services for clients with confidence. The software allows attorneys to provide more services for clients and earn fees that they would otherwise pay to title companies or outside closing agents.

Since TRID compliance relies so heavily on technology, compliance gives attorneys the perfect opportunity to add technology to their processes. The right software makes it possible for attorneys who have no experience managing closings in-house to make the change smoothly. EasyCDF is an example of the right software that is 100% TRID-compliant and streamlines closing processes. Easy Soft is a legal industry software provider. As such, EasyCDF has been designed for use by attorneys whether they handle real estate closings frequently, occasionally or are just beginning to offer clients closing services.

Software is the best solution, particularly for small firms that want to expand their legal services. Rather than investing in additional labor to meet the new paperwork demands, an investment in real estate closing software is quicker, more accurate, less risky and more affordable in the long run. EasyCDF makes it possible for attorneys who don't have the manpower or closing knowledge to start facilitating real estate closings without fear of making a mistake.

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