

TRID Compliance - Using the Old HUD Forms and New Closing Disclosure Forms Simultaneously

The new Consumer Finance Protection Bureau (CFPB) TILA-RESPA Integrated Disclosure (TRID) regulations have already caused frenzy in the mortgage industry, but it's not over yet.

One of the biggest and most confusing changes under TRID are coming on October 3, 2015, the date lenders and real estate settlement agents must start using two new forms: the Loan Estimate (LE) and the Closing Disclosure Form (CDF). In some situations, the new forms will replace old forms by combining the overlapping data requirements of four of the current Truth in Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA) forms into just two forms.

The intent of the forms consolidation is to make the loan terms and closing costs more transparent to borrowers, but consolidation also helps lenders and settlement agents. By reducing the data requirements to two forms, lenders can eliminate duplicate data entry, explain the terms of the loan to borrowers more easily and save time during the real estate closing process.

The New Forms: The Loan Estimate and the Closing Disclosure Form

The two new forms don't require any new information; they simply consolidate information that was already being collected from four forms.

The Loan Estimate provides borrowers with disclosures and information regarding the mortgage. The data covers loan costs and transaction terms, which should give borrowers a better understanding of the key components, costs and risks of the loan. The Loan Estimate form replaces the existing RESPA GFE and the initial TILA disclosure for most residential real estate transactions.

The Closing Disclosure Form (CDF) is used in transactions that require use of the new Loan Estimate form. The CDF is the final disclosure provided to borrowers. It reflects the true costs of the closing, rather than just the estimated costs, as were provided by the Loan Estimate. The CDF replaces the existing HUD-1 and the final TILA disclosure forms.

The new Loan Estimate and Closing Disclosure Form will be used for most consumer mortgages, but not all. Lenders and real estate settlement agents will be using both the old HUD forms and the new LE and CDF documents depending on the type of real estate transaction being processed.

When to Use the old HUD Forms

Lenders and real estate settlement agents will use the current forms required by TILA and RESPA in the following situations:

- Home equity revolving lines of credit
- Reverse mortgages
- Mortgages secured by a mobile home
- No-interest second mortgages

When to Use the new LE and CDF Documents

Lenders and real estate settlement agents will use the new LE and CDF documents for:

- Most closed-end consumer mortgages
- Construction-only loans
- Loans secured by vacant land or by 25 or more acres

Timing Requirements

Using the correct forms isn't the only change settlement agents have to worry about. There are also strict new timing requirements to follow. Settlement agents must provide

- The Loan Estimate to borrowers (or postmark the form) no later than the third business day after the loan application has been received.
- The CDF to borrowers no later than three days before the closing.

TRID has made the timing requirements easier to meet by allowing electronic submission of forms and data.

Software Helps Real Estate Settlement Agents Meet New Form and Timing Requirements

Non-compliance with TRID is not an option. Lenders will reject forms that are incomplete or incorrectly submitted and will quickly refuse to work with settlement agents who submit such paperwork. Aside from this loss of business, non-compliant transactions carry financial risks for real estate settlement agents and lenders in the form of fines.

Real estate closing software can help real estate closing agents manage the process and comply with TRID rules. Easy Soft's EasyRealEstate Suite is an all-in-one software solution that real estate settlement attorneys need to ensure compliance with TRID. Automatic data population, workflow schedules to ensure timing requirements are met and MISMO-compliance are just a few of the features that ensure regulatory compliance.

EasyCDF and TRID

As the newest addition to the EasyRealEstate family of products, EasyCDF has generated a lot of attention. Designed specifically for compliance with TRID, EasyCDF features:

- **The New Closing Disclosure Form.** The new TRID-compliant Closing Disclosure Form in EasyCDF replaces the former Truth-in-Lending Statement and the HUD-1 settlement sheet, which must be provided three business days before closing a loan.
- **The New Closing Disclosure Delivery Schedule.** This built-in

feature simplifies workflow by ensuring all jobs associated with a closing stay on schedule. TRID comes with some strict new timelines for data submission. EasyCDF ensures that you never miss the deadlines.

- **Data Security.** One major concern that lenders and attorneys had with TRID was the electronic data submission requirements. Real estate documents contain extremely personal data that no one wants to have fall into the wrong hands. EasyCDF not only ensures compliance with TRID, but also makes it safe to submit data electronically due to MISMO-compliant programming. Electronic submission also helps settlement agents ensure the forms get to consumers within the required timeframes.

The EasyRealEstate Suite

In addition to EasyCDF, subscription to the EasyRealEstate Suite also includes access to:

- **Easy HUD** - to be used in situations that require current TILA and RESPA forms.
- **Real Estate Documents** - access to more than 200 real estate closing forms and automatic data population.
- **Easy Amortization** - generate and edit fully customizable amortization schedules.

Although each program fully integrates with the others, not all closing agents will need all four products. Subscribers are free to select only the products they need, yet they retain access to the entire suite with their subscription.

Affordable Software For Small and Solo Firms

Easy Soft's EasyRealEstate Suite is effective and affordable. Priced at just \$49 per user per month for the Desktop suite and \$59 per user per month for the Cloud version, this is an affordable solution for real estate

closing attorneys who don't want to invest thousands of dollars in a custom real estate closing software solution.

EasyRealEstate Suite ensures 100% TRID compliance, streamlines the closing process, and provides all the software necessary to facilitate real estate transactions in one easy-to-use package. Every subscription comes with an unconditional, 30-day money-back guarantee and unlimited, live-by-phone technical support valid as long as the subscription is active.

About Easy Soft: A leading legal software provider for over 30 years, Easy Soft offers specialized software for commercial and residential real estate closings, family law and divorce settlements. Thousands of attorneys and legal professionals nationwide use Easy Soft products to increase their office productivity. For more information and a free trial, visit www.easysoft-usa.com.