

CFPB ASKS FOR PUBLIC COMMENT

DETERMINING THE EFFECTIVENESS OF TRID



In a November 22 Request for Information (RFI), the Bureau asked for public comments on the TRID Rule's effectiveness as it prepares an assessment report of the Rule that the Dodd-Frank Act requires to be published within five years of its effective date. The TRID report must be completed by October 3, 2020, and public comments in response to the RFI are due by January 21, 2020.

By Sue Johnson, strategic alliance consultant

The Consumer Financial Protection Bureau (CFPB) is giving stakeholders another chance to weigh in with any remaining grievances over its TILA-RESPA Integrated Disclosure Rule (TRID).

The 2015 TRID rule (also known as the Know Before You Owe Rule) replaced the RESPA and Truth in Lending Act (TILA) disclosures consumers had received when applying for a mortgage loan. Specifically, it combined the Good Faith Estimate (GFE) and initial TILA disclosure to create a new Loan Estimate. It combined the HUD-1 Settlement Statement and final TILA disclosure to create a new Closing Disclosure. It required that the creditor provide the Loan Estimate to the consumer within three business days of receiving an application and the Closing Disclosure no later

than three business days before closing. It changed who was responsible for disclosing title insurance premiums by making the creditor (rather than the settlement agent) ultimately responsible for providing the Closing Disclosure. Finally, it subjected a broader category of charges (such as charges by affiliates) to RESPA's "zero tolerance" prohibition on cost increases over the disclosed estimates.

The implementation process for TRID was complex, cumbersome, and costly for all segments of the home buying industry. The CFPB's guidance often was vague, and many found the Rule's requirements to be overly restrictive, confusing, and unnecessary. The Bureau tried to address some of these concerns in July 2017 and April 2018 amendments and updated its guidance in January 2019 to

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clarify the roles and responsibilities of various parties during the loan origination process.

The CFPB says in its new *Request for Information* that its assessment of the TRID Rule will involve cost-benefit analysis, with a focus on the Rule's effects on consumers, firms, and mortgage origination markets. It specifically asks the following questions:

EFFECTS ON CONSUMERS

- How did the TRID Rule affect consumers' understanding of their mortgage disclosures?
- How did the TRID Rule affect mortgage and settlement service shopping behaviors?
- How did the TRID Rule affect consumer satisfaction with mortgage disclosures, mortgage products, and settlement services?
- How did the TRID Rule affect the ability to compare and choose among mortgages and settlement services?

EFFECTS ON FIRMS

- What were the TRID Rule's

implementation costs to firms?

- What are the TRID Rule's ongoing costs and cost savings to firms?
- How did the TRID Rule affect creditors' ability to sell mortgages to others on the secondary market?
- How did the TRID Rule affect the way creditors disclose information to consumers?

EFFECTS ON MORTGAGE MARKETS

- Did the TRID Rule affect the price of mortgages or the volume of mortgage originations in the aggregate or for particular market segments or mortgage product types?
- Did the TRID Rule affect entry, exit, or consolidation in any parts of the mortgage market?
- Did the TRID Rule's specific provisions affect market structure by changing the relationship between various providers (e.g., creditors and settlement agents or creditors and their affiliates)?

The CFPB also requests comments on any aspects of the TRID Rule that "were or are confusing or on which

more guidance was or is needed during implementation," and asks for recommendations "for modifying, expanding, or eliminating the TRID Rule." This last reference led one housing publication to note that "eliminating the rule is not off the table." Given the long and expensive implementation process, most observers think that is unlikely.

Nonetheless, this new Request for Information offers the industry an opportunity to lay its remaining issues with TRID on the table. If the Rule still is creating frustrations or inefficiencies for you and your customers, now is the time to let the CFPB know.

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