

What did you do today to prepare for 10/3/2015?

» Kathy Austen, MLTA Membership & Public Relations Committee Chair



The new Integrated Disclosures are that important, and we only have a little more than 2 months left! This is much more than a form change! If you consider everything that needs to be accomplished between now and October 3rd it can appear overwhelming, but don't lose hope – it can be done. We want all MLTA members to be ready, so this article and another TitleGram article soon will focus on several issues to consider as you plan for the implementation of the new RESPA/TILA Integrated Disclosures.

First, the facts:

- Most loan applications taken on 10/3/2015 and thereafter must be processed using the new disclosures {Except Reverse Mortgages/HELOC's/very small lenders (5 or fewer mortgages/year)}
- The existing HUD-1 Settlement Statement will still be used, but in only very limited circumstances: Reverse Mortgages/HELOC's/Cash/very small lenders (5 or fewer mortgages/year)
- Timing and the delivery of information to the consumer (borrower) is critical under the new rule
- Lenders must provide the new Loan Estimate (LE) within 3 business days of a consumer mortgage loan application, with limited knowledge available at that time
- The new Closing Disclosure form will replace the HUD-1 Settlement Statement when the Loan Estimate form was given to the consumer on or after 10/3/2015
- The new Closing Disclosure (CD) form must be received by the consumer at least 3 business days prior to closing with evidence of such receipt OR be provided 6 business days before closing
- Only 3 circumstances would cause the need for a revised CD to be issued along with another 3-6 day waiting period prior to closing if they occurred after the delivery of the original CD
- The creditor (lender) is liable for the accuracy & proof of delivery of the CD whether prepared by them or by a 3rd party settlement service provider
- The CD form features new sections and the fees must be itemized & alphabetized within each section
- The showing of the title insurance premium on the new disclosure forms is different from the typical premium rate filing calculation in the Midwest
- Tolerances (variances/variations) are still involved
- Sellers & Borrowers fees can be disclosed on the same CD or separate CD's

Items a settlement service provider should consider:

- How will more communication/coordination much earlier and throughout the process be accomplished? Telephone/Fax/E-Mail/Shared Portal/Integrated Interface with lender's system
- Talk with your lender customers today and frequently over the summer so you know what they will be expecting of you
- Different lenders will likely have different processes and expectation of closers
- How will this impact our communications with the Realtors and other parties involved?
- Talk with your Realtor customers today and frequently over the summer so you know what their approach will be
- Electronic communication (without re-entry of data) will likely be required by many lenders
- Security of private data will remain a top priority
- Accurate fee quotes from settlement service providers will be even more important to lenders giving a LE
- How will you be able to provide auditable proof of the delivery of the CD's you deliver?
- What does this mean for scheduling closings?
- What about your software – When will an upgrade be ready? Training? Cost? Additional integration?
- What will all this cost?
- Learn & teach your staff the new CD form today, so that the software training can be focused on the software later this summer and not the form itself
- Customize any local forms necessary to complement the CD form
- Train employees today on the value of an Owners Title Insurance policy, so they can easily explain it to the consumer at or before the closing

For more information, review the various CFPB articles and links throughout the current issue of *TitleGram* and visit the following web sites:

www.alta.org/cfpb

www.consumerfinance.gov/regulatory-implementation/tila-respa

www.homeclosing101.org

Our MLTA Membership & Public Relations Committee is working hard to assist you, if you have suggestions of topics you'd like more information on let me know! I can be reached at (952) 826-3010 or austenk@ctt.com.