



American Land
Title Association
Protecting the American Dream Since 1907

10.03.15

TRID READY?

This Is What
It Looks Like

Aug. 27, 2015
alta.org/titletopics

Speakers

- **Amanda Brumbelow** | Director of Closing Operations | Waco Title
- **Ben Harpenau** | SVP Business Control Manager | Bank of America
- **Jaime Kosofsky** | Managing Partner | Brady & Kosofsky
- **Mary Schuster** | Chief Product Officer | RamQuest
- **Josh Weinberg** | SVP Compliance | First Choice Loan Services

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Agenda

- **Lender Perspective**
- **Title/Settlement Agent Perspective**
- **Technology**
- **What Your Real Estate Partners Should Know**
- **What Consumers Should Know**



Lender Perspective

- **Understand Which Loan Products Fall Under TRID**
 - Applies to Most Consumer Mortgages Except:
 - Home-equity lines of credit
 - Reverse mortgages
 - Mortgages secured by a mobile home or dwelling not attached to land
 - No-interest second mortgage made for down payment assistance
 - Energy efficiency or foreclosure avoidance
 - Loans made by a creditor who makes five or fewer mortgages



Lender Perspective

- **Loan Estimate**

- Ensure data obtained is best information available
- Establish dependable quote data process
 - Integration with vendors
 - Settlement Service Provider List
- Process to ensure reliable cost data on:
 - Affiliated providers
 - Providers lender will select
 - Providers for which borrower may shop
- Procedure to document and track what information was obtained when



Lender Perspective

- **Closing Disclosure**

- **Determine Who Will Produce/Deliver CD**

- Document receipt of CD

- **Know How Will You Exchange Data**

- Phone, fax, email, deliver in person
 - Online portal
 - Integration between LOS and TPS

- **Questions/Issues at Closing**

- Have procedures for “quick-fix” and reissuance for changes required on CD
 - Can the settlement agent reach a live person?
 - Can the person fielding the calls make the decisions?
 - Sufficient internal resources to answer questions without delaying the closing?
 - Changes that require restart of three-day period



Lender Perspective

- **Post-closing Changes**
 - Provide Instructions to Settlement Agents
 - Establish:
 - Timing and tracking for changes required within 30 vs. 60 day periods
 - Documentation collection process from Closing Agent to validate final figures and ensure accuracy of Final CD
 - Comply With Recordkeeping Requirements
- **Convey Expectations to Title/Settlement Agent**



Title/Settlement Agent Perspective

- **Organize the SWAT Team**

- Have specialists in each department of organization to solve difficult or urgent problems
 - Accounting
 - Closings
 - IT
 - Legal
 - Sales
 - Title
- Manual Processes – Stop Gaps – Contingency Plan



<http://www.alta.org/cfpb/documents>

Title/Settlement Agent Perspective

- **Have Transparent Fee Calculations**
 - Quote Accurate Fees to Lenders for LE
 - Disclosure of Title Fees
 - Lender's Policy
 - Disclosed in "Services You Can Shop For" category
 - To calculate, use full premium without any adjustment for simultaneous purchase of owner's policy
 - Owner's Policy
 - Disclosed in "Other" category
 - To calculate, use full owner's premium and add simultaneous issuance premium for lender's coverage and deduct the full premium for lender's policy
 - Know How to Explain Inaccurate Disclosure of Title Fees to Consumers

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Colorado

Here is how the rule works when applied to a transaction
where the sales price is \$200,000 and there is a \$190,000 loan:

The Rule

vs.

Reality

OTP on Closing Disclosure = \$368.00

(OTP Premium) \$1,237.00
(LTP Simultaneous Premium) + \$350.00
(Full LTP Premium) - \$1,219.00

OTP Actually Charged = \$1,237.00

(OTP Premium)

LTP on Closing Disclosure = \$1,219.00

(Full LTP Premium, with no discounts for
Simultaneous Issue)

LTP Actually Charged = \$350.00

(LTP Simultaneous Premium)

Terminology Key:

OTP: Owner's Title Insurance Policy

LTP: Lender's Title Insurance Policy

LTP Simultaneous Premium: a discounted lender's title insurance premium that is issued in accordance to promulgated state rates or insurance company filed rates when both a lender's and owner's title insurance policies are simultaneously issued

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Title/Settlement Agent Perspective

- **Have Transparent Fee Calculations**
 - **ALTA Model Settlement Statement**
 - www.alta.org/cfpb/documents

American Land Title Association	ALTA Settlement Statement - Combined Adopted 05-01-2015
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File No./Escrow No.:	Title Company Name	Title Company
Print Date & Time:	ALTA Universal ID	Logo
Officer/Escrow Officer:	Title Company Address	
Settlement Location:		

Property Address:
Buyer:
Seller:
Lender:
Settlement Date:
Disbursement Date:
Additional dates per state requirements:

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		Financial		
		Sales Price of Property		
		Personal Property		

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Title/Settlement Agent Perspective

- **Formatting of Title Fees**

- Fees listed alphabetically
- All title insurance charges (including closing fee) must be designated by: “Title – [description of fee]”
- Collaborate with lenders to establish common fee names for Loan Estimate and Closing Disclosure
 - Examples:
 - Title - Closing/Settlement Fee
 - Title - Lender’s Title Insurance
 - Title – Title Exam/Search Fee
 - Title – Deed Preparation
 - Title – Closing Protection Letter
 - Title – Courier/Wire
 - Title – Tax Report
 - Title – Doc/Processing Fee



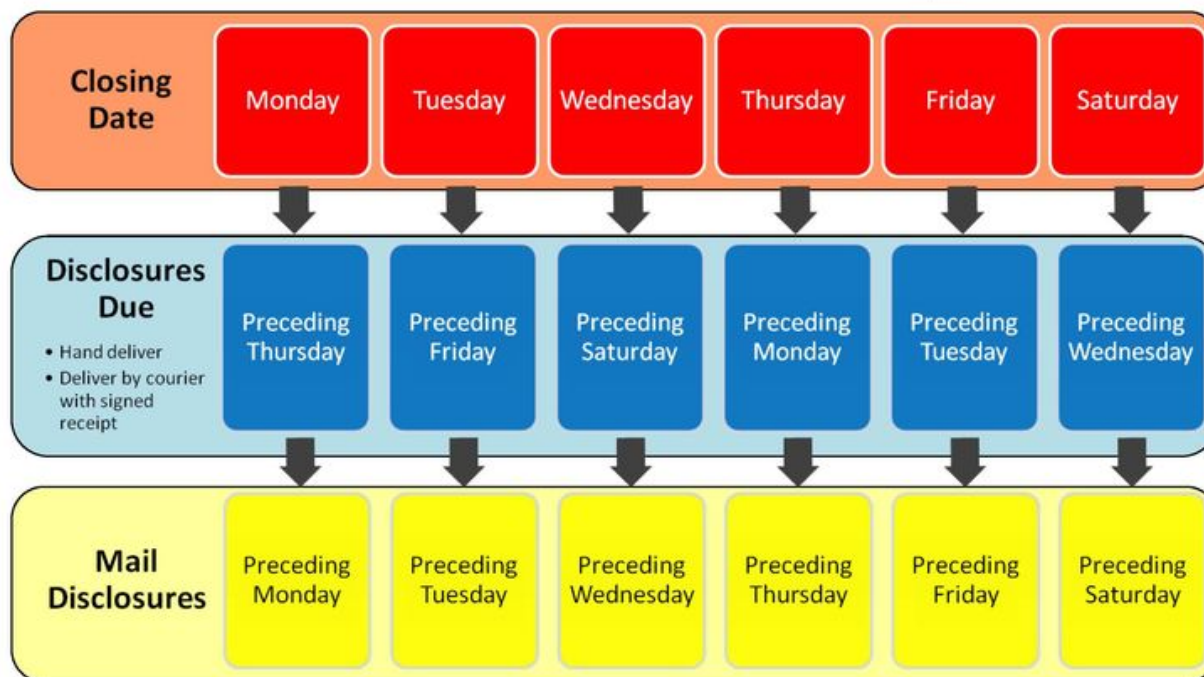
Title/Settlement Agent Perspective

www.alta.org/cfpb/

Three-Day Closing Disclosure Rule



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Note: If a federal holiday falls in the three-day period, add a day for disclosure delivery.

The three-day period is measured by days, not hours. Thus, disclosures must be delivered three days before closing, and not 72 hours prior to closing.

Disclosures may also be delivered electronically on the disclosures due date in compliance with E-Sign requirements.

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Title/Settlement Agent Perspective

- **Seller Closing Disclosure**

- Seller Only CD can be used to protect borrower privacy
- Settlement agent responsible for providing CD to seller
- Seller only form deletes from CD
 - Borrower's information
 - Creditor's name and loan information
 - Loan terms table
 - Projected payments table;
 - Costs at closing table
 - Borrower's table in Summaries of Transactions table
 - Loan calculations
 - Loan disclosures
 - Other disclosures
 - Signature lines



Title/Settlement Agent Perspective

- **Construct a Solid Snapshot**
 - Walk buyers, sellers and Realtors through the transaction timeline
 - Process transaction earlier
 - Payoff timeline
 - Amend/extends
 - Inspection resolutions
 - HOA information
 - Homeowner's insurance
 - Set expectations
 - Communicate, communicate, communicate

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Title/Settlement Agent Perspective

- **Most Important Questions to Ask Lenders**

- How do you want data? Delivered through a portal, by email, walking across the street?
- If the settlement agent is preparing the Closing Disclosure, how will you get information from the lender?
- How do you plan to deliver the Closing Disclosure to the consumer?
- How soon do you need information for the Closing Disclosure in order to meet the three-day delivery requirements?
- What is your process to send the completed Closing Disclosure to the closing/escrow company for approval before delivery to the consumer?
- How will changes be made to the Closing Disclosure after its provided to the borrower?



Technology

- **Key Considerations**

- **Internal Resources**

- **Identify Implementation and Testing Team Representatives From Entire Business**

- IT
- Operations
- Compliance
- Management
- Accounting
- Marketing/Sales

- **External Resources (software provider)**

- Training Support
- Update Support
- GoLive Support



Technology

- **Areas of Focus**

- **Requirements**

- Hardware upgrades?
 - Upgrade Path and Timing
 - Training
 - Testing
 - Future Updates

- **Contingencies**

- Rollback Plan
 - In Case of Emergency Break Glass



Technology

- **Checklist**

- General Update Readiness
- Requirements Gathering
- Testing and Training
- Taking Updates Live Into Production
- Future Enhancement Path
- Implementation of Uniform Closing Dataset
- Budget Considerations



Real Estate Partners

- **Key Points**

- **Set Expectations With Seller/Buyer**
- **Different Timeline to Comply**
 - Once contract is signed, provide information quickly
- **Build Extra Time Into Contracts**
 - Modify to say “do not exceed 60-day escrow” versus “30-day escrow” requirement
- **Walkthroughs**
 - Need for a second walkthrough?



Consumers

- **Key Points**

- **Set Expectations With Seller/Buyer**
- **Avoid Last-minute Changes at Closing**
- **“Optional” Owner’s Policy**
 - Opportunity to Engage Consumer
 - Important to Communicate With Consumers Early in Process
 - Explain benefits Owner’s Policy Provides
 - ALTA Developing Robust Homebuyer Outreach Program
- **ALTA Settlement Statement**
 - Another Opportunity to Engage Consumer
 - Explain Important Role of Settlement Provider



TRID Triage

- **Last-minute Fire Drill**
 - Sources of information
 - Small Entity Compliance Guide
 - ALTA website: www.alta.org/cfpb
 - ALTA blog: blog.alta.org
 - Title Topics Archives:
www.alta.org/titletopics

Handouts:

- Additional TRID Resources
- Title & Lender TRID Processes
- TRID Preparedness Checklist



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A photograph of two young children running outdoors, dressed as superheroes. The child on the left is wearing a green t-shirt with a white star, green shorts, a green mask, and a yellow cape. The child on the right is wearing a blue t-shirt with a white star, red shorts, a red mask, and a red and blue cape. Both children have their arms raised in a heroic pose. The background is a soft-focus outdoor scene with trees and a bright sky.

**WE CAN
DO THIS!**

ANY
QUESTIONS
?

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