TILA RESPA INTEGRATED DISCLOSURE FAQS

The Consumer Financial Protection Bureau (CFPB) recently released FAQs to assist with TILA – RESPA Integrated Disclosure Rule (TRID) compliance. Three of the four FAQs relate to corrected closing disclosures and the three business–day waiting period, while the fourth FAQ relates to the use of model forms.

The TRID rule, which applies to many consumer mortgage loans, consolidated the various disclosure forms that were required under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) into two forms: (1) Loan Estimate that must be given to a borrower by the third business day after the lender receives an application; and (2) a Closing Disclosure that must be given at least three business days before consummation.

Highlights of the FAQs include:

- Under TRID, a creditor must ensure that a consumer received a corrected Closing Disclosure at least three business days before consummation of the transaction (i) for certain APR changes; (ii) if the loan product information changes; or (iii) if a prepayment penalty has been added to the loan. Any of these changes would trigger a new three business-day waiting period.

- A corrected Closing Disclosure is required under TRID if the APR changes, including if it decreases. If the change in the APR is within applicable tolerances under Regulation Z, the creditor may provide the new Closing Disclosure without triggering a new three business-day waiting period. If the change in the APR is outside applicable tolerances, the creditor must wait three business days before consummation.

- Section 109(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act did not change the timing for consummating transactions if a creditor is required to provide a corrected Closing Disclosure under TRID.

- A creditor is deemed in compliance with the disclosure requirements of TRID if it uses the appropriate model forms provided by the CFPB and properly completes them with accurate content.

The TRID FAQs may be found by going to the CFPB website (www.consumerfinance.gov) and searching for TRID FAQs.

The foregoing Compliance Update is for informational purposes only and does not constitute legal advice. As a reminder, the NBA general counsel is the attorney for the Nebraska Bankers Association, not its member banks. The general counsel is available to assist members with finding resources to help answer their questions. However, for specific legal advice about specific situations, members must consult and retain their own attorney.