



nerej

Clients will rely on us not only for the software but to provide information, training & support

June 18, 2015 - Spotlights

It would be great to write about something other than the TRID forms, but it seems that's all people want to talk about these days. If you are contemplating retirement, now might be a good time, but the rest of us will be dealing with a new world order on August 1st.

Lenders and settlement agents face an array of changes to practices and procedures. There is much concern, for instance, about the requirement that the borrower have the Closing Disclosure for review three days ahead of the closing. This will require everybody involved in the process to have information available far earlier than they do now. However, what if the information changes after the Disclosure has been delivered?

Last week the CFPB clarified that there are only three specific items that require a new three day review period for an updated disclosure: an increase in the APR of more than 1/8 of a percentage point for a fixed-rate loan or 1/4 of a percentage point for an adjustable-rate loan; the addition of a prepayment penalty; or a change in the loan product. Other kinds of updates to the Closing Disclosure, such as changes to prorations, credits and fees, will not otherwise trigger a new three-day review period.

At Standard Solutions, we've been using this time of change to roll out our new software, Standard Conveyancer Closing Center. Standard Conveyancer users can upgrade to the Closing Center HUD-1 version now, to get started using it ahead of the update this summer for the Closing Disclosure. Closing Center runs on your network, so your data is safe and under your control, and the program lets you access your old closings and custom documents. The program will still be able to produce both versions of the HUD-1 after the software is updated to work with the Closing Disclosure forms.

The new forms are a big change, and everybody in the industry needs to become familiar with them well ahead of time. There are buyer, seller and refinance versions of the Closing Disclosure, and several variations within the forms. The CFPB web site has sample forms, including completed samples, available for download. Take advantage of the seminars and other educational resources offered by your title insurance companies. While your software vendor should provide training or other resources to help you learn how to produce the form, you should not be leaving it to us to teach you about the forms themselves and how to use them.

Settlement agents should already be speaking with lenders about their plans for working under the new rules. Lenders have to decide not only who will be generating the Closing Disclosure, but how you will be exchanging information needed for the form. Some lenders will be using a third-party web portal to exchange information and documents. Such services have significant costs, and many lenders are making other plans. While some lenders announced months ago that they would be producing the form themselves, many have not yet reached out to settlement agents about what

they want to do.

There is no question that this change will be a major challenge for the settlement services industry. Regardless of how clear the new rules are, there are sure to be lots of questions and differences in understanding. There will no doubt be a period of adjustment, and further changes will need to be made to software as the industry adapts to using the new forms. From our perspective, we know that our clients will rely on us not only for the software but to provide information, training and ongoing support during the transition period and into the future.

Ken Foster is senior client services specialist and staff attorney at Standard Solutions, Inc., Malden, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540