

Three ways every agent must adapt to TRID



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Attention, agents: The Truth in Lending Act-Real Estate Settlement Procedures Act (TILA-RESPA) is effective this month and will impact most future home purchases and refinances.

What's the TILA-RESPA Integrated Disclosure, or TRID? It's the decision to condense four different disclosure forms into two and make the lending documents easier for homebuyers to understand.

Right now, buyers need two disclosure forms at the beginning of the lending process (Good Faith Estimate and Truth-in-Lending) and two at the end (HUD-1 and Truth-in-Lending). TRID combines the two forms at the start into a Loan Estimate and the two at the end into a Closing Disclosure. The Closing Disclosure must be given to the borrower three business days before closing or consummation of the loan.

As we all prepare for TRID, here are three ways you must adjust how you guide your clients through the home-buying process.

Avoid 30-day contracts: In general, a 30-day closing is a narrow time window. With TRID, it makes

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the situation even tougher. If there are changes from Loan Estimate to Closing Disclosure, it may trigger a three-day waiting period on the transaction and delay closing.

You need to give your clients more than 30 days to provide all necessary documents to the lender. Otherwise, you risk upsetting the process—and everyone else involved.

Choose settlement and insurance agents up front: The fees associated with settlement and insurance agents are critical to the closing costs. The sooner you tell the lender about the two agents, the easier it will be to prepare the Closing Disclosure, which may avoid any re-disclosures and slowdowns.

Work as a team: Remember, we're all on the same team and need to work together to make sure the homebuying process is seamless for the buyer. Yes, the new TRID rules will change how we do business, but the upside now is that disclosures are easier for buyers to understand.

It's a brave new world with TRID. Know your stuff now to be an industry leader this fall and beyond. ~

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