

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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CFPB PROPOSES CHANGES TO TRID

Normally our Lenders Update does not discuss rules proposed by federal or state regulatory agencies. The lag time to formalization is usually too long and the rules can change significantly in the process. Sometimes they never even make it off the cutting room floor and are not finalized. There are of course exceptions to even our house rules. This is one of them.

On July 29, in just under 300 pages, the Consumer Financial Protection Bureau (CFPB) published proposed updates to the *Know Before You Owe* disclosure rule or as most of us know it, TRID. The updates are intended to formalize guidance and provide “clarity and certainty”.

The CFPB is seeking input from the industry and other stake holders and would like to receive written comments to the proposal by October 18, 2016. The proposal, in its entirety, may be found at:

<http://www.consumerfinance.gov/policy-compliance/rulemaking/rules-under-development/amendments-federal-mortgage-disclosure-requirements-under-truth-lending-act-regulation-z/>

Instructions as to how to send in your comments may be found at the same site.

The proposal addresses a variety of technical issues but the focus of the changes is in four areas:

1. **Tolerances for the total of payments:** Before TRID, the total of payments was determined using the finance charge as part of the calculation. TRID changed this calculation so that it did not make specific use of the finance charge. The new proposal would include tolerance provisions for the total of payments similar to the existing tolerances for the finance charge. This change would make the treatment of the total of payments disclosure consistent with what it was prior to TRID.
2. **Housing assistance lending:** TRID gives a partial exemption from disclosure requirements to certain housing assistance loans originated primarily by housing finance agencies. The proposal would update and promote housing assistance lending by clarifying that recording fees and transfer taxes may be charged without losing eligibility for the partial exemption. The rule would also exclude recording fees and transfer taxes from the exemption's limits on costs.
3. **Cooperatives:** The proposal would extend the rule's coverage to include all cooperative units.
4. **Privacy and sharing of information:** As we are well aware, TRID requires creditors to provide certain disclosures to the consumer. Because there have been many questions about sharing the disclosures provided to consumers with third parties to the transaction, such as the seller and real estate brokers, additional commentary is propose to clarify how a creditor may provide separate disclosure forms to the consumer and the seller.

So if you wish, a little summer beach reading may be in order and then let the Bureau know what you think.

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