TRID Compliance – Getting Down to the Details: Timing Requirements

With less than three months before the August 1 deadline for the TILA/RESPA combined disclosure, your credit union should have a solid plan for where the new disclosures are coming from and how to implement those documents. It's now time to think about policy and procedure changes required by the new rule.

One of the key procedural changes will be the myriad of timing requirements for the new disclosures. The basic timing rules are:

Loan Estimate:

1. Must be delivered or placed in the mail three business days after application.

2. Must be delivered or placed in the mail seven business days before consummation.

3. Must be received before the Closing Disclosure.

Closing Disclosure:

1. Must be received three business days before consummation.

General Timing Rules:

1. Documents placed in the mail are considered to be received three business days after being placed in the mail unless the CU has proof it was received prior to three business days.

2. Because RESPA and TILA use different definitions of "business day" the new rules use two different definitions. The three business day rule for the Loan Estimate considers a business day to be any a day on which the creditor's offices are open for carrying on substantially all of its business functions. All other timing requirements consider "business day" to be all days except Sundays and federal holiday.

There will be several impacts to the mortgage lending operations process at your credit union due to these new timing requirements –most immediately –the need to provide the closing settlement information at least three business days before consummation. It's common to scramble the day before (or even the day of) closing to finalize these documents. This challenge is compounded by the fact that the disclosures are no longer simply delivered at closing. If your credit union is delivering the disclosures by mail, the disclosures must be placed in the mail six business days before closing.

The first line of defense in combating any new regulatory requirements is adequate policies and a training regimen for credit union staff. Once the mortgage processing staff has the rules and policies that make sense for your products and members, day-to-day transactions will fall into place. The question then becomes what to do when extraordinary transactions come through the branch door.

For instance, what happens when the member wants to change loan products but wants to keep that closing date only seven days out? Can your credit union deliver the loan estimate on the spot to meet the seven day rule? Can you get the closing disclosure out the next day? Or will you use electronic signature technology to demonstrate actual receipt of the disclosures three days before closing instead of sending through the mail?

With fewer than 100 days until the mandatory compliance date, it's time to think through these scenarios, determine how to handle extraordinary situations and decide what technology or processes are going to help us when we're in a timing pinch after August 1.

LOANLINER® users with access to Lending Resource Center can sign up now for two new TILA/RESPA educational webinars and our bi-weekly TRID talks. We created these sessions to provide a forum for you to learn details and ask questions.

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