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How to Avoid Last Minute Closing Delays Caused by TRID

As we all continue to learn more about how real estate transactions will be impacted by TRID, one thing is clear. It has become increasingly challenging to make last minute changes to closing statements when financing is involved. The reason is that lenders now prepare the Closing Disclosure, which basically replaced the HUD. While we can debate whether or not this is an improvement over the prior system, what is not terribly debatable is the fact that this adds a layer of complexity to the process that we did not have before.

Nowhere is this more frustrating than when a last minute change is requested. The reason is that your friendly local closing agent can no longer make these changes without going back to the lender and getting the lender to revise their Closing Disclosure. Your local closing agent no longer has the ability to click a button, revise the HUD, and send it back to you. We need to contact the lender and have them do it. And trust me when we say that they don't like last minute changes that only add work to their plate. So as you can expect, it doesn't get their highest priority.

A common example involves administrative fees, processing fees, or commission splits between broker/agents that need to be reflected on the Closing Disclosure. In many instances, this information (or even the request to do a commission split at all) is not provided until late in the process. We had one closing get delayed because the lender did not act timely to revise the Closing Disclosure to reflect the last minute request to do a commission split. As you can imagine, the parties were not happy that their closing was delayed due to a commission split.

The moral of this story. Provide any information that will impact the Closing Disclosure as far in advance of the closing as possible. And be sensitive of the fact that we must now ask the lender to make the requested changes which means we have no control over the timeliness of the revisions. A good rule of thumb is to pretend that the closing date is actually seven days before the true closing date, especially when dealing with transactions involving financing. As always, if you have any questions regarding the foregoing, we urge you to speak with your local real estate attorney.

Sincerely,
Berlin Patten Ebling, PLLC

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