

TILA-RESPA Integrated Disclosure rule changes to AAR forms

Posted on June 17, 2015 by AAR

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The Consumer Financial Protection Bureau (CFPB) published the TILA-RESPA Integrated Disclosure rule (TRID) which combines and replaces disclosures that consumers receive in connection with applying for and closing on a mortgage loan under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). The proposed effective date for TRID is October 3, 2015.

As Chair of the workgroup charged with implementing the TRID compliant changes, it is my pleasure to inform you that the Arizona Association of REALTORS® has revised four forms to ensure their compliance with the new rule. Those forms are: (1) Pre-Qualification Form; (2) Loan Status Update; (3) Residential Resale Real Estate Purchase Contract; and (4) Vacant Land/Lot Purchase Contract. The revised forms will be released in mid to late July.

Highlighted below are the major TRID related changes to each of the forms.

Pre-Qualification Form

The Pre-Qualification Form is now required to be submitted in conjunction with the Residential Resale Real Estate Purchase Contract (Contract) at the time of offer. If a buyer has not consulted with a lender when submitting a Contract, the buyer should simply check the box at line 3 and complete only lines 4-5.

Loan Status Update (LSU)

The initial LSU must be delivered within “ten (10) days after Contract acceptance” instead of “five (5)” days. The reason for this is because TRID requires that a Loan Estimate must be completed by the lender and provided to the borrower three days after the borrower provides to the lender six pieces of information (loan application). And, because lenders have to abide by this timeframe, providing the LSU within five days of contract acceptance would prove very difficult.

Because of the new TRID requirements, page 2 of the LSU now identifies additional steps in the lending process. Those steps include the following: (1) the lender receiving the six loan application pieces of information from the buyer; (2) the lender sending the buyer the Loan Estimate; (3) the buyer indicating to the lender an intent to proceed with that lender; (4) the lender providing a Closing Disclosure to the buyer; and (5) the buyer’s receipt of the Closing Disclosure from the lender.

Residential Resale Real Estate Purchase Contract

As stated above, Section 2a now requires the Pre-Qualification Form is now required to be submitted in conjunction with the Contract at the time of offer.

Section 2b now provides that, three days prior to close of escrow the Buyer must either: (i) sign all loan documents; or (ii) deliver to Seller or Escrow Company notice of loan approval without PTD conditions AND date(s) of receipt of Closing Disclosure(s) from Lender; or (iii) deliver to Seller or Escrow Company notice of inability to obtain loan approval without PTD conditions. The reason (ii) was added is because if the loan documents are not to the escrow company three days prior to the close of escrow, (ii) gives the Seller written assurance by the Buyer that their loan has been approved without PTD conditions, a Closing Disclosure has been issued and the loan documents are expected to be delivered and signed by the Buyer by the close of escrow date.

Additionally, section 2f requires the buyer to provide the lender with the “Buyer’s name, income, social security number, Premises address, estimate of value of the Premises, and mortgage loan amount sought” within three days after Contract acceptance. The reason for this is because the above information (loan application) triggers TRID timelines and assures the seller that the buyer is moving forward with their financing.

Finally, on page 9 of the Contract, lines have been included for: (1) each salesperson’s state license number; and (2) each firm’s state license number. These changes were made because the new Closing Disclosure requires the state license number of the agents and their respective brokerage.

Vacant Land/Lot Purchase Contract

The Pre-Qualification Form is only required with the Vacant Land/Lot Purchase Contract if the buyer is using “Conventional, FHA, VA, or USDA financing.” Additionally, as is now the case with the Contract, an LSU must be submitted within ten (10) days after Contract acceptance.

For more information on the changes to the forms, please see the [FAQs](#).

Tags: [Real Estate Settlement Procedures Act](#), [RESPA](#), [TILA](#), [TILA-RESPA Integrated Disclosure](#), [TRID](#), [Truth in Lending Act](#)