

Some in the industry, however, are skeptical that all of this has happened due to a simple administrative error. The CFPB made its “administrative error” announcement on the same day that Ellie Mae, whose mortgage management software is used by a large majority of the nation’s small and midsized banks, released an update incorporating TRID support in its Encompass software.

That left less than two months for Ellie Mae users to deploy and test the updated software. At the same time, some sources told Inman that other software used by some of the top mortgage lenders and settlement agents in the country “blew up” last week.

“Someone at the CFPB didn’t drop the ball in making this ‘administrative error,’” said Marx Sterbcow, managing attorney of the Sterbcow Law Group LLC in New Orleans, and a nationally recognized RESPA attorney.

“Instead, they clearly knew the consequences for pulling the ‘administrative error’ card at this point, and that’s because they received firm and concrete information that several loan origination systems (LOSs) would not be ready by the Aug. 1 deadline. They were so vocal about not delaying this rule that any move contrary to their public position would seemingly undermine their credibility for future regulatory implementations.”

The CFPB seemed to acknowledge those concerns by saying, “The bureau has learned that delays in the delivery of system updates have left creditors and others with limited time to fully test all of their systems and system components to ensure that each system works with the others in an effective manner.”

“The CFPB clearly received enough credible information from the industry that many LOS systems wouldn’t be ready by Aug. 1, and if the rule stayed in place, there would many communities across rural America where consumers might not be able to attain a mortgage because their local lending institution was out of the residential mortgage lending business due to software glitch issues,” Sterbcow said.

“For a rule that has been this controversial and the consistent message of ‘no delay,’ the bureau found a way to keep their credibility while at the same time preserving the mortgage industry until this software and integration issue is worked out. There are LOS systems that are ready, though.”

One company that says its LOS is ready is Calyx. Joan England, senior director of sales and marketing for the mortgage origination software provider, told Inman that the company released an update to its Point system on May 30 to a select group comprising about 20 percent of its clients.

“We knew there would be adjustments and tweaking, because there is no way you can test for every single thing, especially since this is a brand-new process,” England said. “We know we have updates to do, and we have that in our schedule.” CFPB moves TRID date to Oct. 1, 2015

<http://www.housingwire.com/articles/34226-cfpb-moves-trid-effective-date-to-oct-1>