The New Loan Estimate Form

Washington’s now having their new closing disclosures. It is known as the TRID, which stands for the TILA (Truth in Lending Act), RESPA (Real Estate Settlement Procedures Act), Integrated and Disclosure, and it will be going into an effect on October 1, 2015. The Truth in lending act is the promotion of informed use of the consumer credit, by necessitating disclosures about the cost and terms in order to standardize the manner for which the costs associated with borrowing are being calculated and disclosed.

With all of the confusion with the current RESPA and TILA, they are combined into one, which is now known as TRID. In the past, the HUD-1 statement has been provided by the two parties in order to contact one day ahead. The problem with such is idea is that, most one the time, the one day notice came at the end of the day prior to closing, or even the day of closing, which also provides the buyer a very little time to read and decipher everything upon the page.

Changes to the Mortgage Closings

With the mortgage and housing crisis, there has been new regulations making sure that the buyers already understand whatever they are getting. The old forms were somewhat confusing and cumbersome. The closing officers are facing difficulties explaining these things to the buyer. On the other hand, the old preliminary Truth in Lending disclosures and Good Faith Estimate are combined into the Loan Estimate, which was then designed to help the buyers understand the risks and costs of the new mortgage.

New Timelines

The new timeline is merely the biggest change that affects both the buyer and the seller. The lenders are now required to give the buyer, such documents at certain times all throughout the procedure, otherwise, the closing has to be pushed back. The new Loan Estimate has to be delivered within 3-business days right after the submission of your loan application. The only thing is that the Closing Disclosure is merely the big potential struggle in the plan. Hence, the Closing Disclosure needs to be provided for about 3 days prior the closing, and you need to know that these days are non-negotiable. The closing date has to be pushed back in order to accommodate these 3 days.

Effects On Investors

These new procedures and rules affect the retail buyers in a major way and the investors must care. For those investors who purchase and hold, the change will not be felt that much. However, it has the most effect on those of the flippers, who are the ones who sell flips to the retail buyers.

Since the lending institutions as well as closing companies work through the newest loan disclosures, it’s best to expect some sort of initial problems. However, you have to be patient and make sure that you understand how to save your deal.