TRID: A Year Later

The National Association of REALTORS®
Research Division
October, 2016
Executive Summary

The TILA-RESPA Integrated Documentation (TRID) or Know Before You Owe rules went into effect on October 3rd 2015. This survey reviews REALTORS® experiences in the 3-month period prior to the 1st anniversary with the 3-month period after implementation (Q4 2015 versus Q3 2016). Respondents indicate that since implementation:

- Delayed transactions fell from 10.4% to 8.5%, but cancelations edged up slightly from 0.6% to 0.7%.
- 45.6% of respondents had problems getting closing disclosures down from 54.5%.
- However, REALTORS® were more likely to request closing disclosures from title agents than lenders in the 3rd quarter, especially REALTORS® with greater transactions volume.
- Delayed and canceled transactions cost consumers $410 and $226 on average, respectively. Rental and deposit expenses as well as lost vacation time accounted for most expenses.
- Errors identified on CDs rose from 43.3% to 50.6%. Missing concessions and incorrect names or addresses were the most frequently cited errors, but incorrect fees, commissions, and taxes were also reported
- Large retail banks were far more problematic than small lenders, mortgage bankers, and non-banks
- REALTORS® noted no change in lenders’ willingness to share the closing disclosure following the CFPB’s clarification on CD sharing in late July of 2016. Legal requirements and consumer privacy were most frequently cited when sharing was refused.
REALTORS® Continued to Employ a Combination of Remedies, but Pulled Back on Adjusted Agreements
REALTORS® Who Planned for TRID with Lenders
Either Increased Communications or Focused
Their Business with Specific Lenders

If you or your firm developed a plan with a lender(s), what did it include (Mark all that apply)?

- I did not develop a plan with a lender: 43.0%
- Enhanced communication with lender (e.g. increased emails, calls, texts, or face-to-face...): 41.3%
- I work exclusively with lenders who demonstrate expertise with TRID (and smooth closings): 34.8%
- Adjusted timelines for sending disclosures: 22.2%
- I provided lender(s) with a client consent form to get a copy of the closing disclosures: 14.0%
- Changed preferred lenders: 4.7%

Source: NAR
Delays Eased*, While Cancelations Inched Upward

*This period includes the post-Brexit surge in refinance activity that produced financing delays.
Rental and Storage Expenses and Lost Vacation Were Cited as Costs for Impacted Consumers

When settlement is delayed or cancelled, what has been the impact for consumers? (Mark all that apply)

- Expenses from rental/mortgage extension: 69.5%
- Lost vacation time or income from taking time off: 48.1%
- Additional storage fees: 43.3%
- Lost deposit/expense for mover: 25.3%

Source: NAR
The Cost of a Delay Was Nearly Twice that of a cancelation

In the last three months, what has been the typical cost to your clients (e.g. moving expenses, lost deposits, etc.) of a delay/cancellation due to TRID?

- For a Delay: $410
- For a Cancellation: $226

Source: NAR
REALTORS® Cost Per Transaction Rose by $154, While Hours Worked Nearly Doubled*

*Inventory shortages and seasonality may have affected property searches and hours worked
45.6% of Respondents Indicated Issues Attaining the CD, Down From 54.5%, but...
Higher Volume REALTORS® Reported Better Access to CDs

Access to CDs by Transactions Volume in 3rd Quarter

Source: NAR
...And Higher Volume REALTORS® Were More Likely to Use Title Agents and Waivers to Obtain the Closing Disclosures

In the last three months, what strategy(s) have you employed to get a copy of the closing disclosure? (Mark all that apply)

- I request the CD from the lender or closing agent
- I request the CD from title company
- I request the CD from my client
- I ask my client to sign a waiver allowing me access to CD, then provide to the closing agent or lender
- I don't use the CD
- Do not know
- Other

Source: NAR
Lenders Cited Privacy Concerns and Lending Laws When Not Sharing CDs

When a lender would not share the closing disclosure, what rationale did they provide (mark all that apply)?

- Client requested no sharing of their information: 1.8%
- Lack of client consent: 8.3%
- Did not ask: 16.5%
- No reason provided: 25.1%
- It's a violation of a lending law: 25.1%
- Consumer's privacy concerns: 28.0%

Source: NAR
The Share of REALTORS® Reporting Errors in CDs Rose from 43.3% in the 4th quarter of 2015 to 50.6% in the 3rd quarter of 2016
As with the 4th Quarter of 2015, REALTORS® Reported More Problems in the 3rd Quarter Getting CDs on Delayed Transactions

Over the last 3 months, have you had issues getting the closing disclosure (CD) for your transactions?

- **No Delays**
  - Q4 2105: 69.1% Yes, for some of my transactions, 16.4% Yes, for most of my transactions, 16.3% Yes, for all of my transactions, 4.8% No, 7.1% Do not know
  - Q3 2016: 72.0% Yes, for some of my transactions, 16.4% Yes, for most of my transactions, 15.0% Yes, for all of my transactions, 2.3% No, 8.3% Do not know

- **Delays**
  - Q4 2105: 29.1% Yes, for some of my transactions, 16.3% Yes, for most of my transactions, 18.1% Yes, for all of my transactions, 1.8% No, 5.3% Do not know
  - Q3 2016: 38.9% Yes, for some of my transactions, 15.0% Yes, for most of my transactions, 35.4% Yes, for all of my transactions, 2.4% No, 8.3% Do not know

Source: NAR
Missing or Incorrect Concessions, HOA Dues, and Identifier Information Remain an Issue

Incorrect taxes, commissions, escrows, and proration of bills were also frequently cited
REALTORS® Shifted Their CD Requests from Lenders to Title Companies

In the last three months, what strategy(s) have you employed to get a copy of the closing disclosure? (Mark all that apply)

- I request the CD from the lender or closing agent
  - Q3 2016: 46.5%
  - Q4 2015: 65.3%
- I request the CD from title company
  - Q3 2016: 38.7%
- I request the CD from my client
  - Q3 2016: 25.4%
  - Q4 2015: 25.4%
- I ask my client to sign a waiver allowing me access to CD, then provide to the closing agent or lender
  - Q3 2016: 22.8%
  - Q4 2015: 20.0%
- I don’t use the CD
  - Q3 2016: 7.1%
  - Q4 2015: 8.5%
- Do not know
  - Q3 2016: 6.3%
  - Q4 2015: 6.7%
- Other
  - Q3 2016: 3.7%
  - Q4 2015: 6.3%

Source: NAR
Title Agents Most Helpful, Client and Waivers Gained While Lenders Retreated

For each strategy, please mark what percent of the time it is successful in getting the CD for a transaction

- Request CD directly from the title agent: 59.4%
- Request CD from lender or closing agent: 65.7%
- Request CD directly from client: 50.7%
- Request the client to sign a waiver allowing me access to CD: 48.7%
- Request CD from lender or closing agent based on signed waiver: 34.1%
- Other: 13.7%

Source: NAR
Lenders Not Engaging REALTORS® to Screen Closing Disclosures

In the last three months, have any lenders requested your help in vetting closing disclosures?

- Yes, all: 0.9%
- Yes, many: 4.7%
- Yes, a few: 3.2%
- None: 69.4%
- Do not know: 18.1%
- Other (please specify): 3.8%
Despite CFPB Clarification, REALTORS® Not Seeing Improved Sharing of CDs

The CFPB announced proposed changes to TRID on July 29th of 2016. Have you observed a difference in your dealings or your clients' dealings with lenders since July 29th?

- 55.5%: No change
- 10.2%: Lenders now request a signed consent form from the seller/buy before sharing the CDs
- 9.4%: Lenders are more willing to share the closing disclosures (CDs)
- 1.4%: Lenders are less willing to share the closing disclosures (CDs)
- 8.2%: Do not know

Source: NAR
According to REALTORS®, Lending Remained the Leading Source of Issues Under TRID

Which facets of the settlement process have been most problematic since implementation of TRID?

Source: NAR
Large Retail Lenders Were Most Problematic According to REALTORS®

Which types of lenders have been most problematic since implementation of TRID?

Source: NAR
61.7% of REALTORS® Rate the New Settlement Process as More Difficult

Nearly 12 months after implementation, how would you rate your settlement experience(s) under the new closing process under TRID?

- Extremely difficult under TRID: 12.4%
- More difficult under TRID: 49.3%
- Roughly the same as before TRID: 31.3%
- A little better under TRID: 8.5%
- Do not know: 7.4%
- Much better under TRID: 3.4%

Source: NAR
What REALTORS® Said:

• “We are creatures of habit and hate changes. Once I had about 3 closings under TRID, it all was like my first closing 13 years ago. I don't see a problem now...”

• “In my opinion the TRID guidelines have reduced the communication between lenders and Realtors and it feels like a push to keep us out of the process...”

• “I worked 23 years building strong relationships and this new TRID experience has removed me from a lot of the process making me feel my relationships are suffering as a result. The real estate industry, on whole, is suffering from external influences and the client is ultimately the one who loses that great service.”

• “My clients often got screwed by their lenders before TRID. They paid outrageous loan fees. This has dropped significantly”

• “It's horrible. Very confusing for the client when they are given various estimates throughout the process. Also, how can us real estate agents protect our clients when we have the ability to see the closing disclosure taken away?”

• “Most of the problems come from agents and banks that are unwilling to share the information because it is "illegal". I spend a lot of time arguing that it is not, buyer agrees to share it in contract, vs bank and other agent saying it can not be shared.”

• “It pays to have very strong LOCAL title and lending strategic partners and be honest with buyer if they have decided to use a large lender or out of town title and the issues that we have experienced in the past. Most every time when they decide to go this route, at the end of the transaction, they say they should have listened.”
Only 3.3% of respondents Had Clients Who Had Provided Comments to the CFPB on the Lending Process

Source: NAR
Appendix:
Survey Methodology

• The survey was conducted from April 6\textsuperscript{th} to 31\textsuperscript{st}

• 55,490 REALTORS\textsuperscript{®} were surveyed

• Response rate was 4.2 percent

Questions can be directed to Ken Fears at kfears@realtors.org
National Association of REALTORS® Research Division

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