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## TITLE INDUSTRY WEIGHS IN ON TRID RE-PROPOSAL

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[www.thetitlereport.com/TTR/Articles/Title-industry-weighs-in-on-TRID-reproposal-68385.aspx](http://www.thetitlereport.com/TTR/Articles/Title-industry-weighs-in-on-TRID-reproposal-68385.aspx)

Earlier this year the Consumer Financial Protection Bureau (CFPB) proposed updates to its TILA-RESPA Integrated Disclosure (TRID) rule. The proposal was followed by a comment period ending October 18. Many in the industry were disappointed the TRID forms will not change. Others were concerned that the simultaneous disclosure issues wasn't addressed.



*The American Land Title Association (ALTA) submitted a letter explaining why it needs to be addressed and encouraged its members to do the same. More than half of the 1,600 comments submitted came from title and settlement agents writing about the disclosure of title insurance.*



"Unfortunately, the proposed amendments fail to fix the single biggest cause of confusion that homebuyers express at the closing table: the requirement to inaccurately disclose the cost of title insurance," the ALTA letter stated. "Homebuyers deserve to know the true and accurate cost of buying a home. With respect to title insurance costs, the disclosure rule fails to meet this obligation. For the overwhelming majority of real estate transactions, the rule requires a complicated formula that discloses to consumers an inaccurate price for title insurance. Under the Know Before You Owe rule, the CFPB mandates that the correct and actual price of title insurance products be withheld from consumers."

*(Continued on reverse)*



# Lawyers Title®



**The Texas Land Title Association (TLTA) agreed. Among its suggestions for improvement, its letter stated disclosure of the title fees is the only part of the Closing Disclosure that is reported inaccurately to the consumer.** It said the CFPB should clarify the title insurance premium calculation that may result in a negative number for the cost of the optional owner's policy.

"It is of paramount importance that consumers have a clear understanding of the cost of their real estate transaction," Pennington Title Co. President Gregory Wick said in his letter. "A great opportunity to change the Closing Disclosure's calculation of title fees was missed by the CFPB."

**Among other concerns was the language stating title insurance is optional.**

"It's very unfortunate that the CFPB did not include the issues of removing 'optional' for an owner's title policy or the inaccurate quoting of title charges and calculation of title fees in the proposed updates to the 'Know Before You Owe' disclosure rules," Southern Hills Title, Inc. Closing Department Director and Title Examiner Luke White said in his letter.

Meridian Title Corp. Senior Vice President/Director of Corporate Escrow Operations Karen Hart said she wanted the CFPB to define that all disclosures are to be consistent, and not allow the interpretation for the benefit of the annual percentage rate to allow for the itemization of what was clearly to show as a "lump sum credit."

**Edwards Abstract and Title Co. Vice President-Director of Education and Training Marilyn De Luna said not enough notice is provided to title companies, and packages are not released with sufficient time to order legal documents necessary to close the transaction, without a lot of stress to all involved.**

"The CFPB, to protect the consumers, should require a minimum of 48 to 72 hours advanced delivery of closing packages, along with CD, to title companies to allow for the consumers to have a final CD in advance, and not on the same day of closing (a loophole they found around disclosure notices)," De Luna said in her letter to the CFPB. Even though the rule puts liability on the lenders, title agents are seeing some down-stream effects. RynohLive CEO, President and founder Richard Reass said lenders try to shift their liability for compliance errors to settlement agents through indemnity agreements in closing instructions. In his letter he asked the CFPB to provide a formal prohibition so third parties are not at risk for compliance errors settlement agents didn't cause. Karen Koogler, CEO of The Koogler Group, expressed concerns about the lender/settlement agent relationship as well.

"The TILA-heavy hand with which the TRID Rule was written has resulted in many lenders—especially large lenders—dictating lender-selected terms and conditions in a 'take it or leave it' fashion to title (settlement) agents via ever-expanding liability, loan closing instructions," she said in her letter. "In addition, one or more national lenders are reportedly in the process of removing small title (settlement)

agents from their approved closing lists who do not meet minimum annual closing volume requirements. This is a trend that is expected to continue in the years to come, potentially arriving at time where, in accordance with CFPB predictions during early-year TRID workshops, some lenders take the settlement process in-house, via lender-owner, lender-affiliated, or lender-preferred-partner providers."

**TLTA also addressed several other issues.** It suggested the CFPB allow more than one line on the Closing Disclosure for disclosing a breakdown of the recording fees, similar for that used for recording taxes, and to leave the summary for the seller of the CD blank unless all of the charges/debits/credits for the seller are disclosed. It wants the CFPB to amend the seller Closing Disclosure form to allow for an optional signature, just as an optional signature is permitted for the Combined CD and for the Alternate CD when there is no seller.

"Finally, emphasize how the Closing Disclosure must match the actual receipts and disbursements for the transaction at consummation," the TLTA letter said. "It is not permissible to conduct a consummation when the borrower does not have a CD that accurately represents receipts and disbursements known at the time of consummation."