CFPB Proposes Oct.3 Effective Date for TRID

The Consumer Financial Protection Bureau (CFPB) on June 24 issued a proposed amendment to delay implementation of the TILA-RESPA Integrated Disclosures (TRID) rule until Saturday, Oct. 3.

The Bureau issued the proposal to correct an administrative error that would have delayed the effective date of the rule by at least two weeks. The Congressional Review Act requires an agency to submit a rule report—which includes a copy of the rule, to each House of Congress and to the Comptroller General of the Government Accountability Office (GAO)—at least 60 days before the effect date of the regulation. The bureau "discovered that it inadvertently had not submitted the rule report to Congress as required." After discovering the error, the CFPB submitted the rule report to Congress and the GAO on June 15. That would have meant the rule could have gone into effect Aug. 15 at the earliest.

In its proposal outlining the new deadline, the bureau said it recognized that a mid-month effective date "may create additional challenges. The CFPB indicated that in recent weeks it learned delays in the delivery of system updates have left creditors and others with limited time to fully test all of their systems.

"These delays pose risks to the smooth implementation of the new forms mandated under the TILA-RESPA Final Rule, the Loan Estimate and Closing Disclosure, particularly given the potential challenges for institutions of stopping and restarting their progress toward implementation readiness." the CFPB wrote in its proposal. "

Additionally, the CFPB said that scheduling the effective date on a Saturday "may allow for smoother implementation by affording industry time over the weekend to launch new systems configurations and to test systems. A Saturday launch is also consistent with existing industry plans tied to the Saturday August 1 effective date."

The bureau also said that a longer delay in implementation "would impose unnecessary costs on both those segments of industry that have worked hardest to implement on time and on consumers and would be inconsistent with the underlying intent to aid consumer understanding of mortgage loan transactions."

The proposed rule is open to public comments until July 7. The CFPB is looking for comments on all aspects of the proposal. In particular, the bureau is looking for specific details and any available data regarding current and planned practices, as well as relevant knowledge and specific facts about any benefits, costs, or other impacts on both industry and consumers of this proposal. Specifically, the bureau wants comment regarding the proposed extension of the effective date to Oct. 3.

Options for submitting comments:

- Federal eRulemaking Portal: www.regulations.gov. Follow the instructions for submitting comments.
- Email: FederalRegisterComments@cfpb.gov. Include Docket No. CFPB-2015-0029 and/or RIN 3170-AA48 in the subject line of the email.
- Mail: Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street NW., Washington, D.C. 20552
- Hand Delivery/Courier: Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1275 First Street NE., Washington, D.C. 20002.

ALTA would still like the CFPB to announce a specific hold-harmless period for those making a good-faith effort to comply so the industry can learn how the forms will work in real life transactions. Additionally, ALTA and its members ask that the CFPB remove the "optional" label of owner's title insurance on the new TRID forms. Telling a consumer that owner's title insurance is "optional" will mean that homebuyers may be dissuaded from purchasing the same protection that lenders receive from a title insurance policy. The CFPB's disregard of the protection afforded by an owner's title insurance policy is a disservice to the consumers they represent.

ALTA also believes that the CFPB should use this additional time to fix the inaccurate disclosure of title insurance premiums for consumers. State law and regulation in the majority of the United States dictates that consumers must pay title insurance rates that are different from how the CFPB requires industry to inaccurately disclose these fees to the consumer.