

OCTOBER 5, 2015

LAW ALERT

HOMEBUYER LENDING REFORM: LOCAL GOVERNMENTS AND NON-PROFITS MUST ABIDE BY THE NEW TRID RULE

Public agencies and non-profits making affordable homeownership loans may be subject to the new TILA-RESPA Integrated Disclosure Rule, often referred to as the "TRID Rule". The TRID Rule applies to loan applications received after October 3, 2015 and arises from the Dodd-Frank Act's direction to integrate the Real Estate Settlement Procedures Act ("RESPA") and the Truth in Lending Act ("TILA") mortgage loan disclosures. The TRID Rule is intended to create clear disclosure forms to help consumers better identify and understand the cost of their home loans.

A limited exemption to the obligation to provide the new TRID Rule disclosure forms has been carved out for homebuyer loans that meet certain criteria. To be exempt, the loans must be:

- Subordinate zero-interest mortgages;
- Made for down payment, closing costs or other similar homebuyer assistance, rehabilitation or energy efficiency assistance, or foreclosure avoidance or prevention.
- Forgiven incrementally or completely at a date certain, and subject only to specified ownership and occupancy conditions;
- Deferred for 20 years, until the home is sold, or until the home is no longer the owner's primary residence.

In addition, the cost owed by the borrower of these exempt loans must be less than 1% of the loan and include no charges other than recordation fees, reasonable application fees and reasonable housing counseling services fees.

To the extent a loan is not exempt, lenders must use a specific disclosure template and follow strict disclosure timelines and re-disclosure requirements. Lenders will have to be prepared in advance or act quickly to gather and submit loan disclosure information in a timely manner. For example, a non-exempt lender must provide the loan estimate form within three business days of receipt of an application. The TRID Rule disclosure form also requires lenders to disclose costs relevant to the transaction that are not necessarily associated with the loan, such as closing costs, property insurance costs and property tax amounts.

More information on the TRID Rule, along with templates of the new TRID Rule disclosure forms can be found at the [Consumer Financial Protection Bureau's website](#).

For more information on what disclosure requirements may apply to your program and how to comply with the new TRID Rule, please contact Karen Tiedemann, Heather Gould, Rafael Yaquian, Hana Hardy or any other attorney at Goldfarb & Lipman.

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