

What to expect when applying for a mortgage

The new “Know Before You Owe” or TILA RESPA Integrated Disclosure (TRID) rule from the Consumer Financial Protection Bureau (CFPB) starts October 3, 2015. The rule not only requires new mortgage disclosure forms, it also changes the way real estate transactions are processed and closed. By understanding what is expected from you, you can help speed the process.

EXPECT NEW FORMS

- You will receive the Loan Estimate (LE) no later than three business days after an initial application.
- You will receive the Closing Disclosure (CD) at least three business days before closing.
- Together, these disclosures detail the consumer’s monthly payment, the costs of getting a mortgage, the costs to close and other pertinent information about the loan.

KNOW THE NEW TIMELINES

The rule requires that you be given or mailed:

- A Loan Estimate (LE) within three business days after you apply by providing six items of basic information – name, income, social security number, address of the property for the loan, estimated value and the mortgage loan amount sought;
- A Closing Disclosure (CD) at least three business days prior to closing so you have time to review it;
- An additional three business days to review a revised CD if you or your lender make certain changes to the annual percentage rate (APR) or the loan product after you receive the CD; and
- At least seven business days to review the paperwork between the time you receive a LE and the time you close.

HELP SPEED THE PROCESS

Tell your lender to move forward as soon as you finish shopping and are comfortable with your choice of loan. You are allowed ten business days to decide but you do not have to wait that long:

- Give your lender any documents necessary to complete the loan as soon as possible;(e.g copies of tax returns and paystubs, a copy of your purchase contract)
- Read the LE, and any revisions to the LE, carefully so any questions can be resolved early in the process;
- Avoid last minute changes to the loan to avoid delay and prevent an additional three business day wait;
- Work with your real estate agent and the seller’s agent to conduct home inspections, order reports (e.g., pest inspection), and clear any contingencies as early in the process as possible;
- Schedule your final walk through well before the CD is issued, if possible;
- Tell your lender as soon as possible about any changes to the transaction that you think might impact the loan or the closing; and

If you have any questions, please contact your lender or real estate agent to ensure that your mortgage and home purchase go as smoothly as possible.