

TRID Assessment Plan

Taskforce on Federal Consumer Financial Law Briefing | April 20, 2020



Briefing Overview

- Introduction to the Rule and to the Assessment
- Assessment Plan
- Progress
- Timeline from here
- RFI Comment Letters
- Interim results

The Rule: Selected Provisions

- Combined and redesigned mortgage disclosures
 - **Loan Estimate** ← Good Faith Estimate (GFE) and Early Truth In Lending (TIL) Disclosure
 - **Closing Disclosure** ← HUD-1 and Final TIL
- Revised the definition of “application”
- Tightened rules for “tolerances”
- Required Closing Disclosure received at least three business days before closing

The Assessment

- Assessments must address, among other relevant factors, the effectiveness of the Rule in meeting...
 - the purposes and objectives of the Dodd-Frank Act
 - the specific goals stated by the Bureau in issuing the Rule
- The assessment shall reflect available evidence or data that the Bureau reasonably may collect
- Bureau: not intended to produce policy recommendations
- Bureau: where possible, consider costs and benefits

Assessment Plan: Structure

- Introduction
- Background
- Consumer effects (demand)
- Firm effects (supply)
- Market effects (equilibrium)
- Appendices
 - Goals, Purposes, and Objectives
 - RFI Comment Summary
 - Industry Survey Results
 - Data Summary
 - Technical Details

Consumer Effects (Goals of the Rule)

To what extent did the Rule ...

1. make it easier for consumers to locate key information
2. help consumers to compare the cost of different mortgage offers
3. aid consumers in comparing estimated and actual loan terms and costs
4. aid consumers in understanding mortgages

Consumer Effects (Other Effects)

To what extent did the Rule...

1. affect consumer shopping behavior
2. affect the number of questions consumers have for lenders
3. affect consumer satisfaction
4. affect costs to consumers
 - Surprises at closings
 - Mortgage complaints
 - Delayed closings

Firm Effects

Goal: To facilitate compliance with the disclosure requirements of TILA and RESPA.

1. What were the Rule's implementation costs to firms?
2. What are the Rule's ongoing costs and cost savings to firms?
3. Specifically, how did the Rule affect lenders' ability to sell mortgages on the secondary market?
4. How did the Rule affect the way lenders disclose information to consumers?

Market Effects

1. Did the Rule affect prices or volumes in the mortgage market?
2. Did the Rule affect the market for construction loans?
3. Did the Rule affect the types of loans that were originated?
4. Did the Rule affect the price or incidence of settlement services?
5. Did the Rule affect closing times?

Progress

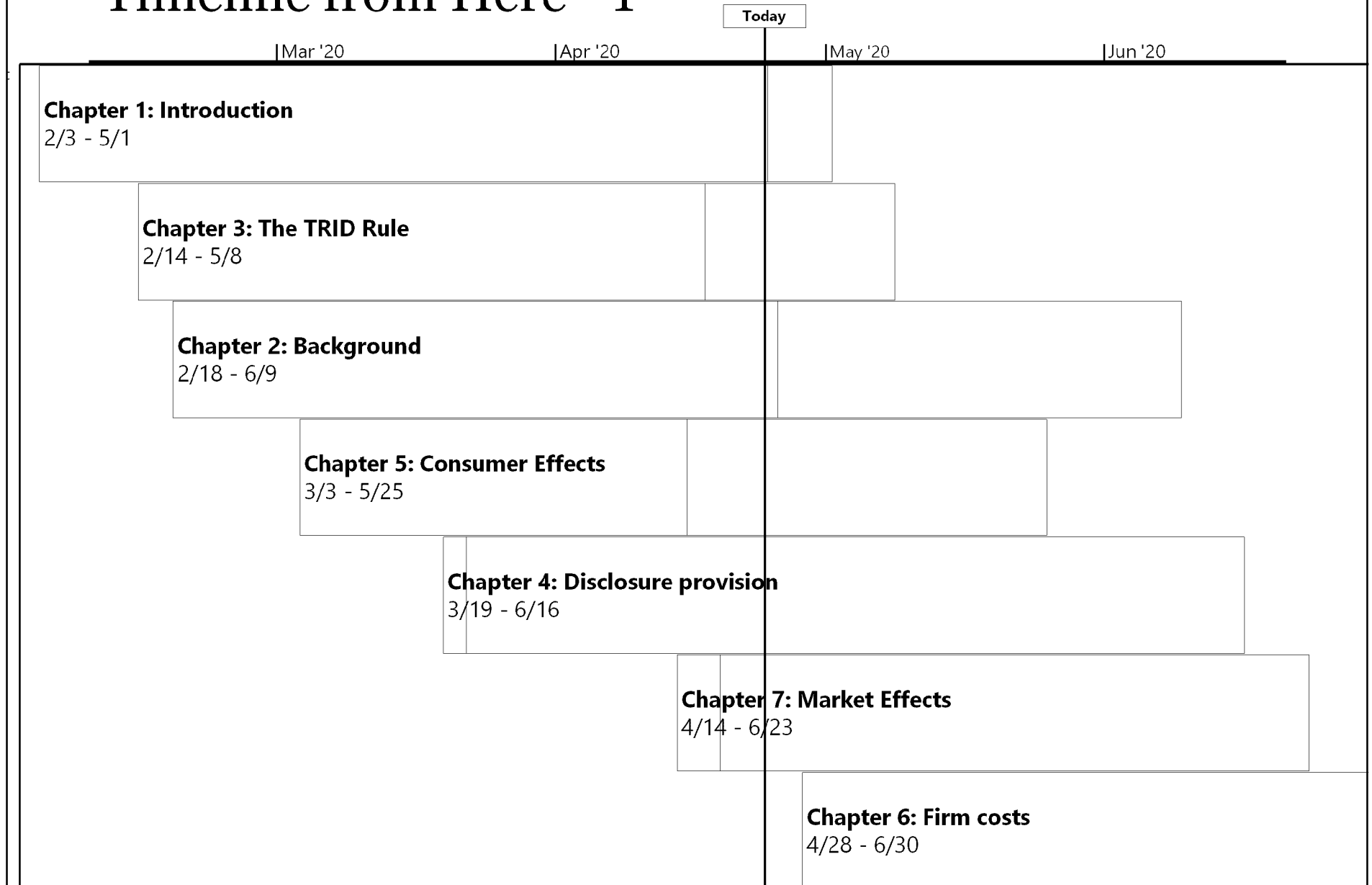
May '19	Jun '19	Jul '19	Aug '19	Sep '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20
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✓ **External Outreach to trade groups, community advocacy groups, and other agencies**
5/10 - 10/2

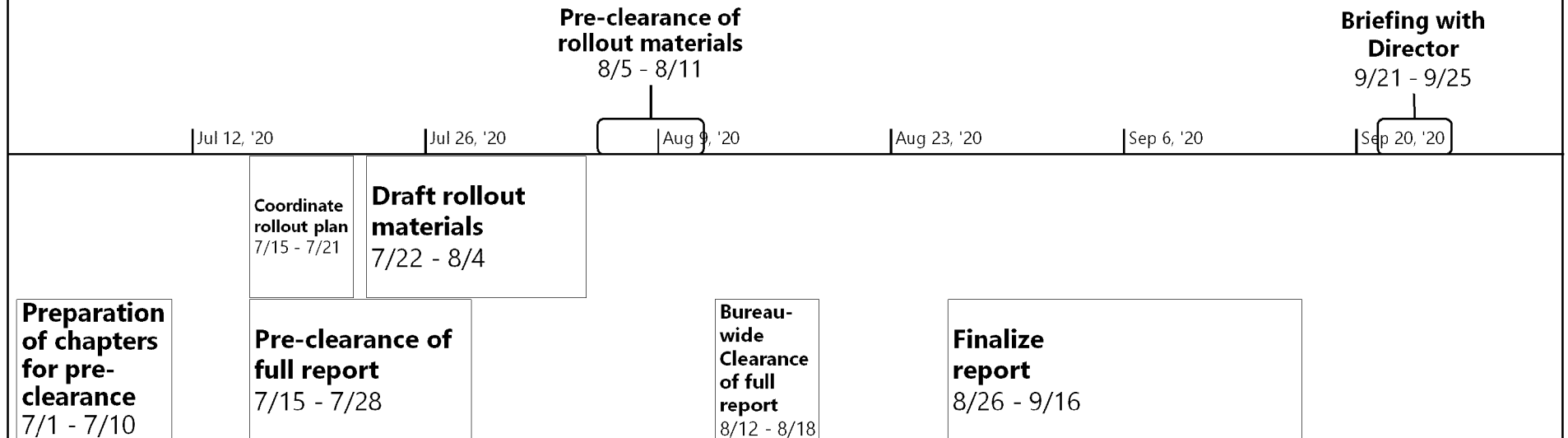
✓ **RFI comment period**
11/22 - 1/21

✓ **Surveys in the field**
1/22 - 3/13

Timeline from Here - 1



Timeline from Here - 2



RFI Comment Letters – Industry and Trade Groups (Early Takeaways)

- Overall Effectiveness
 - Helps consumer understanding
 - Do not want to see new wholesale changes
- Implementation Costs
 - High
 - Many sources, including updating systems, training, and deciphering the Rule
- Waiting Periods
 - More examples of circumstances under which consumers can waive
- Title Insurance
 - Confusing to consumers
 - Challenging for coordination between title and lender on disclosures
 - Difference between CD and settlement statement.

RFI Comment Letters – Other (Early Takeaways)

- Consumer Groups (one, joint comment letter)
 - TRID forms useful for shopping
 - Form integration eases consumer confusion and provide more information
- Other (individual consumers, government, and other commenters)
 - CD waiting period is an undue burden on Consumers
- Other common comments
 - Remove or adjust tolerance levels for specific settlement charges.
 - Exempt, or give additional clarification for, construction to permanent loans
 - Move APR to first page of forms

Interim Results – Consumer Effects

1. Make it easier for consumers to locate key information
 - Quant Study: improvement across 11 questions
2. Help consumers to compare the cost of different mortgage offers
 - Quant Study: improvement across 6 questions
3. Aid consumers in comparing estimated and actual loan terms and costs
 - Quant Study: improvement across 4 questions
4. Aid consumers in understanding mortgages
 - Quant Study: improvement across 7 questions
 - NSMO: improvement on two questions

Interim Results – Consumer Effects

1. Consumer shopping behavior

- NSMO: no effect on likelihood of considering more than one lender
- NSMO: increase in likelihood to apply to more than one lender

2. Consumer satisfaction

- NSMO: increase in satisfaction for four questions
- NSMO: no effect for two questions (loan terms or costs)

3. Surprises at closings

- NSMO: less likely to feel rushed at closing or not given time to read documents.
- NSMO: *more* likely to report seeing different mortgage terms at closing

4. Mortgage complaints

- CFPB Complaint Database: short-run increase around Rule

Thank You

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Not Present

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