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Closing Times on Mortgaged Home Sales Lengthened In December, With Some Blame Placed on TRID

There's mounting evidence that the Consumer Financial Protection Bureau's disclosure rule is having an impact on home sales and purchase mortgages, according to the latest *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*. In December, closing times on mortgage-financed home purchases continued to stretch out and fewer sales closed on time.

Tom Popik, research director of Campbell Surveys, said the CFPB's Truth in Lending/Real Estate Settlement Procedures Act disclosure rule appears to have caused slight increases in closing times and the share of missed closings for the second month in a row.

"Closing time metrics are still showing minor effects of TRID," he said. "However, according to our closing metrics, scheduled closing times are up only a few days, and most transactions continue to close on schedule."

The average total closing time in December, including delays, increased for five of the six loan types tracked by *HousingPulse* compared with November.

Mortgages with private mortgage insurance had a total average closing time of 47.7 days in December, based on a three-month moving average. The closing time increased from 44.7 days the previous month, 43.6 days in September and 42.5 days in December 2014.

However, it appears that all of the blame can't be placed on TRID since all-cash home sales, which aren't subject to the disclosure rule, also experienced longer closing times during that span. And more than half of all home sales continue to close on time.

Some 60.1 percent of mortgages with private MI closed on time in December, down from a 65.3 percent share the previous month. Cash sales also had a lower share of on-time closings last month.

The delays occurred even after lenders increased the number of days a mortgage was expected to close in, on average. Average original closing times for private MI loans increased from 38.8 days in September to 42.5 days in December. Other loan types showed similar increases.

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Real estate agents continued to report mixed experiences involving TRID.

An agent in California noted that an FHA purchase mortgage subject to TRID closed on time even though the loan was relatively difficult to underwrite as it included downpayment assistance. “The lender had the buyer pre-underwritten and approved for both loans prior to making the offer, which helped a lot,” the agent said.

An agent in Colorado said there haven’t been any major issues with TRID. “The lender was a little slow with their documents and blamed it on the new system,” the agent said. “Everyone is struggling to see perfection in the new system.”

An agent in Massachusetts said TRID has caused “a ton of anxiety” but loans have closed as scheduled.

A survey participant in Texas said TRID has made closing days less stressful for homebuyers and agents, though there’s plenty of pressure three days before closing when the new disclosure form must be delivered to the buyer. “Getting the lender to put all their ducks in a row is a major obstacle to getting things back to a 30-day closing cycle,” the agent added. ♦