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TRID Effect on Closings Uneven, Still Mostly Negative, Data Show

Comments from real estate agents across the country are largely negative regarding the CFPB's integrated disclosure rule known as TRID, according to the latest *HousingPulse* survey sponsored by Inside Mortgage Finance Publications.

However, the data suggest a nuanced interpretation is necessary, as the damage from TRID is far from universal.

For instance, the data collected in January represent the first time since TRID took effect that the share of on-time closings has diverged between FHA loans and Fannie Mae/Freddie Mac loans. That suggests TRID isn't necessarily the sole culprit causing delays. If TRID was a major problem, loan types across the board would likely have a lower share of on-time closings.

The survey also revealed that more than half of all loan types continue to close on time.

Still, total average closing time including delays continues to increase for all loan types, the data show. And TRID's slowing effects on January closings represent the third month of slight increases in original closing times, the data show.

With all of that being said, most of the industry comments about the rule's effects were negative. "New lender guidelines are slowing loans by 15-20 days. Unpredictable," said one real estate agent in California.

One industry representative in Illinois said, "As a listing agent, you have to be diligent in checking with a buyer's lender. You can tell when they're not on their game. Stay away from Chase and Bank of America loans and you usually have a pretty good chance of closing on time. You have to advise sellers in multiple offer situations ... these banks' track records are miserable ... and let the seller make the choice."

A New Mexico real estate representative noted, "New CFPB regulations have slowed everything down. Normal closing used to be 45-60 days. Now I won't even write an offer with less than 60 days to closing – and most transactions are taking 60-75 days."

Another industry rep from New York remarked, "The new TRID regulations have added at least two weeks to closings. And in many of mine, we were delayed fighting over repair issues, sorting through problems with failed underground tank tests, and seller and selling agent not being able to get documentation from managing agents."

Just one comment was relatively positive. "Only a few have been not closing on time and they are mainly the big banks, [such as] Navy Federal, Wells Fargo, Bank of America," said a Florida agent.

Elsewhere, the National Association of Realtors did a three-month review of TRID and found a modest impact to the market, but a significant impact for those settlements that were delayed.

"Realtors who were surveyed indicated that 10.4 percent of transactions were delayed, but less than 1 percent cancelled," Ken Fears, director of regional economics and housing finance for the NAR, said in an online blog. "When settlement was delayed, the average delay was 8.8 days."

Further, "Delays weighed on the market in the fourth quarter, but cancellations were low. As a result, the TRID impact shifted total monthly sales volumes roughly one period," he added. "This shift in the aggregate sales volume may mask the impact on impacted borrowers, though."