

A close-up photograph of a person's hands signing documents. The person is wearing a red long-sleeved shirt and a silver watch with an orange face. They are holding a black pen and writing on a white document. A brown leather briefcase is visible on the left side of the frame. The background is slightly blurred, showing a wooden chair and some books on a shelf.

TRID:

REALTORS[®] and the New Closing Process

National Association of REALTORS[®]
Research Department



NATIONAL
ASSOCIATION of
REALTORS[®]

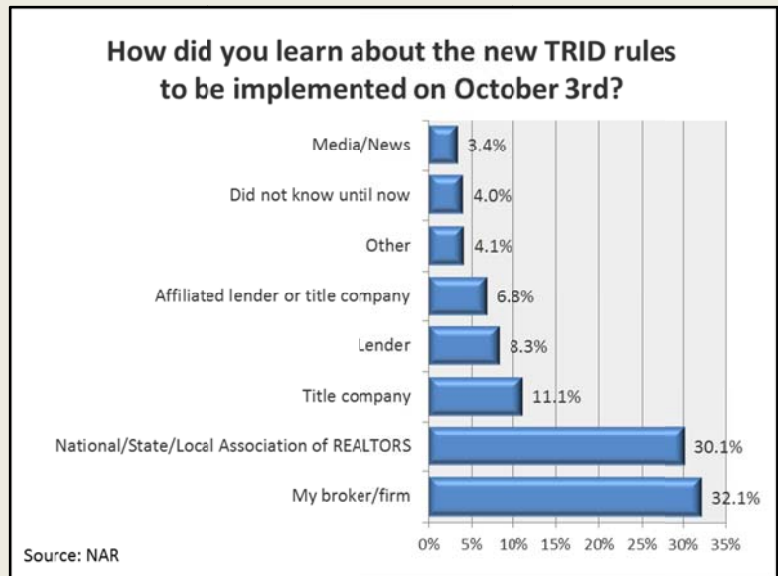
Executive Summary

In October of 2015, the new TRID rules will go into effect changing the way closings are performed. NAR Research surveyed members about their awareness and preparation for the changes.

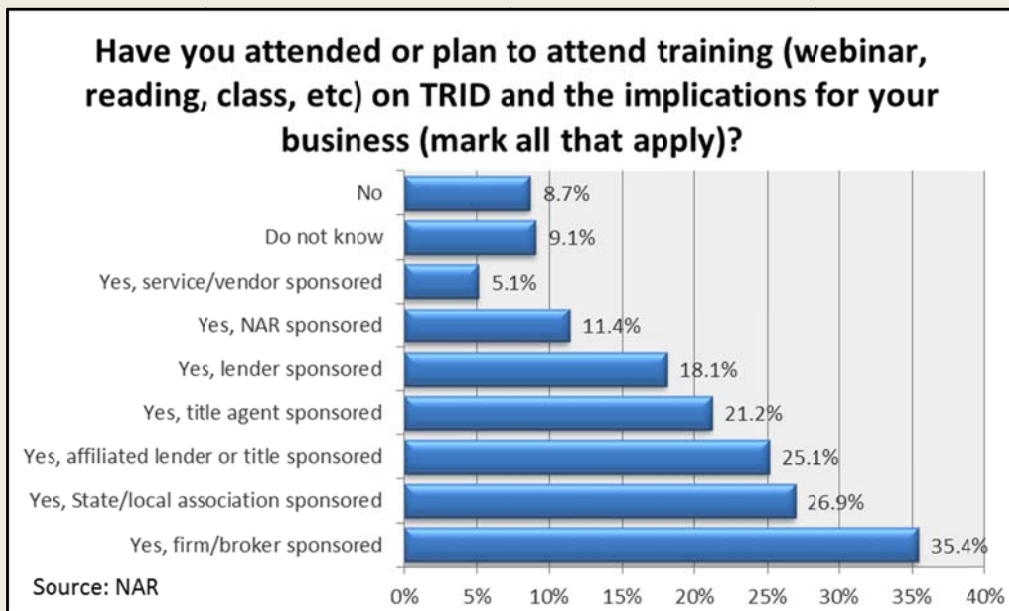
Highlights:

- More than 80% of respondents had taken some form of training on TRID
- In preparation, more than half of respondents will alter their purchase agreements to include a longer time horizon.
- Over the 12-month period ending in August, 9.1% of closings were delayed due to an issue in the lending process, while only 1.2% were canceled.
- 71.2% of REALTOR® members rated their level of preparedness as average or better.

Major changes to the closing process are coming in the months ahead. On October 3rd, the new TILA RESPA Integrated Documentation (TRID) will be implemented. Under TRID, the current closing documentation will be streamlined and reduced. In addition, features are added to the closing documents that are intended to help consumers better understand their financial commitment. To find out how REALTORS® are preparing for these changes, NAR Research surveyed members in early August of 2015. Most REALTORS® are aware of the changes, taking actions and working with industry partners to smooth the transition.



11.1% learned about the changes from their title company and lenders accounted for 8.3%.



In preparation for TRID, 82.2% of respondents had taken some form of training (webinar, class, etc.). Firm or broker sponsored events were the most commonly attended at 35.4%, while events run by state and local associations were second at 26.9%. Training conducted by lending and

title company's affiliated with the agent's firm were the next most popular at 25.1%. Non-affiliated title and lenders were next at 21.2% and 18.1%, respectively.

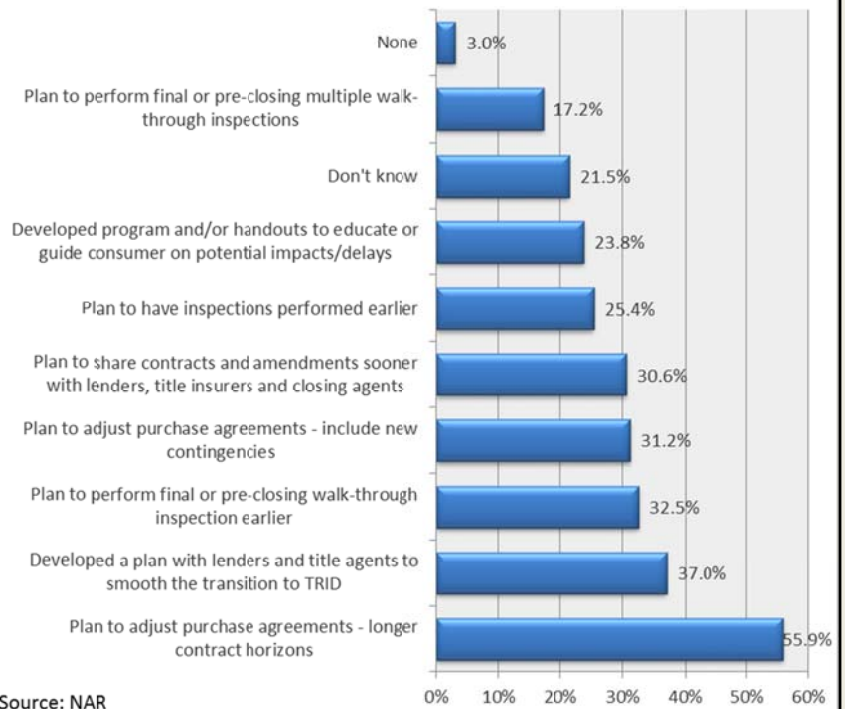
When asked how they learned about the new TRID rules, 32.1% of respondents indicated that their first contact with the issue came through their broker or firm, while 30.1% learned of the changes from either the National Association of REALTORS® or their state or local association.

When asked about their plans to deal with the new TRID rules, 55.9% of REALTORS® plan to change their purchase agreements to reflect a longer timeline, while 31.2% will add contingencies to the contract. 37.0% of respondents have developed plans with their lender or title company to help smooth the process, while a significant share plan to perform final inspections earlier or will provide contracts and amendments to the lender earlier.

Respondents indicated that over the 12-month period ending in July, 9.1% of closings were delayed due to an issue in the lender's process, while 1.2% of transactions were cancelled.

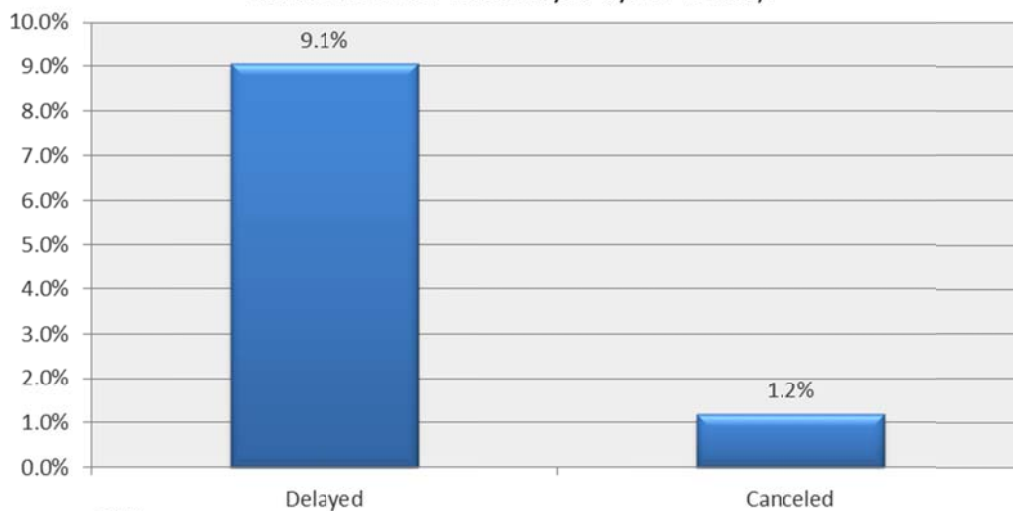
When a closing was delayed, the average time added to the closing process was 6.6 days.

What changes have/will you make as a result of new closing rules/documents (mark all that apply)?



REALTORS® who took part in the survey indicated

In the past 12-months, how often has a lender delayed or canceled a closing due to issues in their process (e.g. an error not related to appraisal, title, or inspection unless the order was delayed by the lender)?

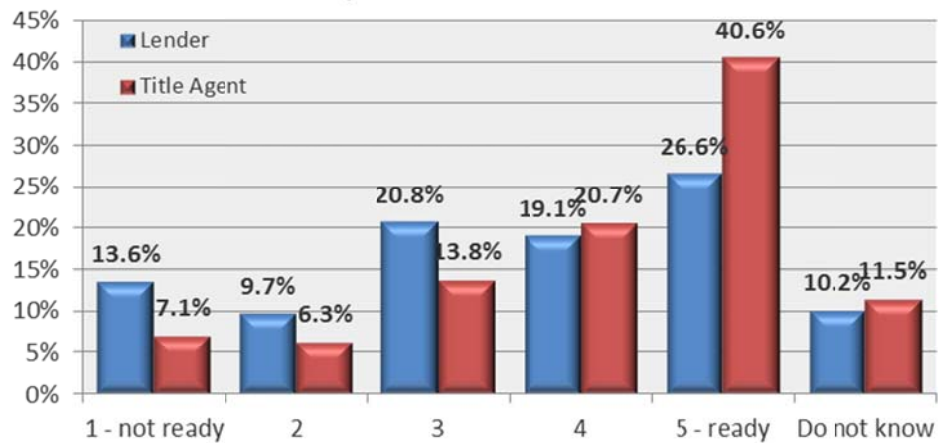


a high degree of confidence in the preparation of the title companies that they work with. 75.1% of respondents rated their confidence in title companies as a "3" or better, while that figure fell to 65.1% for lenders. However the distribution for title companies was more skewed towards a "5" or high degree of

confidence with 40.6% of respondents giving their title partner this rating compared to 26.6% for their lender.

When asked how they rate their own preparedness for the impending October 3rd changes under TRID, only 22.5% gave themselves the high “5” rating, while 71.2% rated their readiness as a “3” or better.

On a scale of 1 to 5 where 5 represents full confidence, how confident are you in your transaction partners' ability to avoid issues that trigger a delay under the new TRID rules?

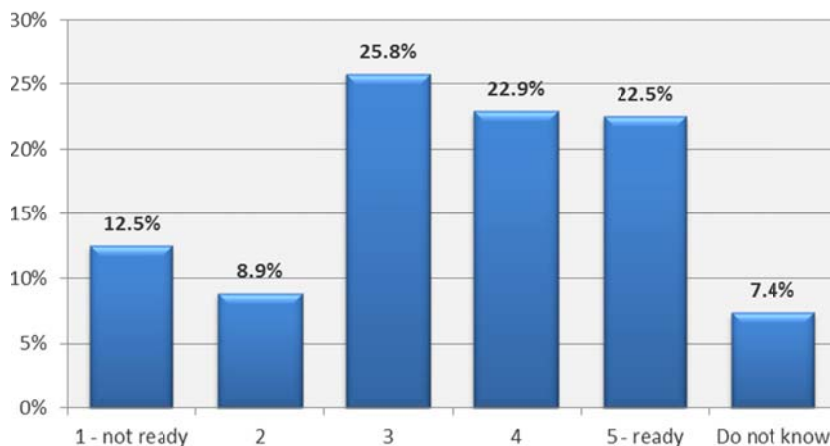


Source: NAR

The new TRID rules will alter the way closings are performed. These changes will benefit consumers and reduce the volume of closing forms, but may introduce burdens on lenders, title agents, and

contracts to help smooth the transition. NAR Research will continue to monitor the implementation of the TRID rules in the months ahead.

How prepared are you for the new changes?



Source: NAR

Methodology

The National Association of Realtors® emailed a survey instrument to 57,140 randomly selected members on August 12th of 2015. The survey was closed on Friday the 22nd of August with a total of 1,432 responses for a response rate of 1.8%.

REALTORS®. These burdens could delay or terminate some closings, but REALTORS® indicate that the share of delayed closing has been low in the past. Furthermore, they are working with their industry partners and making changes to

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