



THE TRID TRAIN IS GATHERING STEAM! WHAT TYPES OF LOANS WILL BE AFFECTED?

East Texas Title Companies—TRID Train Newsletter—Issue 2

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The new TILA/RESPA Integrated Disclosure (TRID)* affects consumer-based real estate-secured loans where the application is received on or after August 1, 2015.

In layman's terms, TRID applies to:

- Most residential mortgages and loans on acreage for a consumer purpose

TRID does NOT apply to:

- Home equity lines of credit
- Reverse mortgages
- Mortgages secured by personal property such mobile homes or by dwellings not attached to property (if the mobile home is real property, TRID does apply)
- Loans made by creditors who make five or fewer mortgages per year
- Certain narrowly defined subordinate liens
- Commercial or business purpose loans

Residential mortgages are fairly straight-forward, but here are some examples that will help clarify other types of loans:

- If a consumer gets a loan on acreage to build a business, TRID would not apply. This initial loan is for a business purpose.
- If the same consumer later after paying off a large portion of the original loan, wanted a loan against the property to send his son to college, TRID would apply. Sending his son to college is a consumer purpose.
- If a builder is building a spec house, TRID would not apply at the interim construction loan phase, but would apply when the builder sells the home to the consumer. The builder has a business purpose for the loan, and the consumer has a consumer purpose for a loan on the same property.

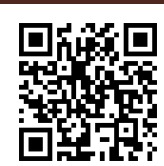
Watch your inbox for more TRID details in the coming days and weeks!

Best regards,

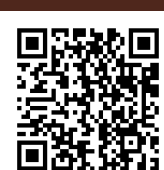
* For the purposes of these newsletters, "TRID" will refer to both the forms and the processes.



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