HPC | HOUSING POLICY COUNCIL

August 7, 2026

Submitted via www.regulations.gov.

Comment Intake – Mortgage Disclosure and Rescission RFI
c/o Legal Division Docket Manager
Consumer Financial Protection Bureau
445 12th St. SW
Washington, DC 20024-2101

Re: Request for Information Regarding Promoting Access to Mortgage Credit; Docket No. CFPB-2026-0018

To Whom It May Concern:

The Housing Policy Council[1] (HPC) is pleased to respond to the Consumer Financial Protection Bureau's ("CFPB" or "Bureau") request for information regarding promoting access to mortgage credit ("RFI"). The CFPB is issuing this RFI consistent with Executive Order 14393 (the "EO") and the CFPB's express objective to identify and address "outdated, unnecessary, or unduly burdensome regulations … to reduce unwarranted regulatory burden."[2] HPC supports evaluation of the Truth-in-Lending Act ("TILA") Real Estate Settlement Procedures Act ("RESPA") Integrated Disclosure ("TRID") rules and other provisions of Regulation Z to enable CFPB to pursue regulatory changes to achieve this EO objective.

In the experience of HPC members, the TRID rule routinely delays loan transactions, increases operational costs, impedes consumer savings opportunities, and stymies borrowers' home sale or moving deadlines. We commend the CFPB for recognizing the challenges caused by TRID and for seeking input on a more common-sense approach to provide disclosures in good faith, particularly in today's digital marketplace, where electronic delivery of documents and acknowledgments is customary and real-time transmission of information is the norm.

[1] The Housing Policy Council is a trade association comprised of the leading national mortgage lenders and servicers; mortgage, hazard, and title insurers; and technology and data companies. Our interest is in the safety and soundness of the housing finance system, the equitable and consistent regulatory treatment of all market participants, and the promotion of lending practices that create sustainable homeownership opportunities in support of vibrant communities and long-term wealth building for families. For more information, visit www.housingpolicycouncil.org
[2] 12 U.S.C. § 5511(b)(3).

We believe that the Bureau should undertake a comprehensive review of the entire TRID framework in the future, to streamline and simplify the disclosures, but in the interim, there are immediate improvements that can be made. Therefore, HPC's comments are focused on TRID modifications that the Bureau can make quickly, to provide real benefits to consumers and the mortgage industry in the short term. These changes would increase access and affordability by reducing inefficiencies, costs, and delays. Below we discuss our top priority revisions to TRID and then we offer recommendations in response to some of the specific questions posed in the RFI.

Improve the Tolerance Framework

Adjustments to the tolerance thresholds are sorely needed. The Bureau's 2013 implementation of the statutory requirement that the Loan Estimate (LE) be made in "good faith" elevated a principle of "good faith" preparation to a needlessly complex scheme, creating burdens that far outweigh the costs and amplify the risks of disclosure to levels that ultimately increase the cost of credit for consumers. A recent study shows that the average cost to cure a TRID error was $1,096 per loan (labor and processing costs), but the average reimbursement to the consumer was only $128.50.[3] Therefore, we recommend a substantial revision to the tolerance framework, to align the regulatory regime with the statutory authority that requires only that fee disclosures "be made in good faith." If the HPC-preferred approach is too extensive to execute quickly, we offer some more targeted fixes, to address the most immediate concerns.

Preferred Approach: Comprehensive Rework of Tolerance Framework

We propose that the tolerance framework be updated and simplified, to reflect the statutory language that the Loan Estimate be made in "good faith" and the reality that creditors can only control the fees that they charge for their own services.

The existing rule reflects an assumption that creditors can manage and lock in all fees at the time of application; this expectation is entirely unrealistic. Of particular concern are third-party charges. The TRID rule establishes zero tolerance for a number of third-party fees - meaning these fees cannot change between the LE and the Closing Disclosure (CD) as well as a ten percent tolerance for some others. Yet *all* third-party fees, regardless of the vendor or agency that provides the service, fall outside of the control of the creditor. These fees should not be subjected to any tolerance threshold; the regulation should recognize the likelihood that firm, unchangeable cost commitments at the time of application cannot be enforced by a creditor and therefore permit the figures to change as necessary, based on the facts and circumstances of the transaction, between the LE and the CD. The estimates at the time of the LE must still be made in good faith and be reasonable and reflective of the market-rate cost for the service.

For those fees that creditors *can* control, the regulation should continue to hold the creditor accountable for setting the fee at LE and not changing that fee prior to CD. In other

[3] https://mortgagetech.ice.com/blog/hidden-cost-fee-cures-recent-cost-analysis-help-uncover-prevent-fee-cures.

words, the creditor's own fees would remain subject to zero tolerance. However, the rule should establish that in cases where there is any variation, due to error or additional information provided during loan processing, no correction or revised disclosure be required *unless* the change exceeds a set percentage over the original charge presented on the LE, such as 10%. This would protect consumers from material discrepancies between the loan estimate and actual charge yet would eliminate the burdensome de minimis "violations" that provide little benefit to the consumer but require considerable operational resources to address, ultimately increasing the cost of credit.

It is logical for TRID to be reformed to hold creditors accountable for only their own fees, but not for third-party fees. This change would simplify the disclosures, eliminating considerable consumer confusion and inefficient operational processes. Further, all charges would be subject to the statutory requirement that estimates be made *in good faith*.[4] The changes would simply align the regulation with the statutory framework, which requires creditors to provide good faith estimates of settlement charges *based on the best information reasonably available at the time of disclosure*.

If Preferred Option is Too Extensive, Adjustments to Tolerances for Specific Fees

If the CFPB cannot implement the more substantial change recommended above, we ask that the Bureau carve out several particular fees from the zero tolerance category.

First, the existing regulation establishes zero tolerance for fees charged by affiliated service providers. Creditors have no role in the operations of arms-length affiliates and cannot control the associated charges. Therefore, services provided by affiliates of the creditor should be treated the same as services provided by non-affiliated third parties - subject to the 10 percent aggregated tolerance if the consumer is permitted to shop for, but either does not shop or picks a provider from the creditor's written list.

Similarly, there are other fees that are well beyond the creditor's control, namely transfer taxes (currently subject to zero tolerance), recording fees (currently subject to 10% aggregate tolerance), and appraisals. The fees associated with these services should be reclassified to have no tolerance caps. The determination of fee levels for appraisals, transfer taxes, and recordation is established by third parties that often require information regarding the transaction and property that is not available at the time of application. Because the service provider cannot provide an accurate estimate at the time of application, the creditor also cannot provide an accurate figure. In fact, creditor's ability to estimate these charges is akin to real estate taxes and homeowner's insurance premiums, which today, are not subject to tolerance limits.

In short, the existing structure requires that creditors take on liabilities for practices outside of their control, an unacceptable practice for any business transaction. Moreover, these

[4] See, e.g., 15 U.S.C. § 1638.

liabilities, potential and real, create salability issues in the secondary market and ultimately increase the cost of credit.

Increase Opportunities for Consumers to Waive Waiting Periods

Experience demonstrates that the mandatory waiting periods between issuance of the loan estimate and closing (seven days) and issuance of closing disclosure and settlement (three days) can cause consumer harm. Therefore, HPC recommends that the CFPB allow a consumer to waive these waiting periods, for reasons beyond the existing sole exception of a "bona fide emergency." This single rationale has been narrowly defined by CFPB (the only interpretive example today is imminent foreclosure) and thus, is rarely used.

Of note, the existing regulation extends beyond the statutory requirement. TRID requires the lender to provide the Closing Disclosure no later than three business days before consummation. If there are certain errors (for example the APR is inaccurate, loan product changed, or a prepayment penalty is added), a new three-day waiting period is required. By contrast, TILA requires a revised Closing Disclosure with a three-day waiting period only if the APR is deemed inaccurate. In other words, in exceeding the statutory authority, the regulation imposes a waiting period for cases where it may not be necessary, often creating consumer harm and frustration.[5]

To address these challenges, the CFPB should allow waivers beyond today's "bona fide emergency" and update the rule to allow consumers to determine whether, based on their personal circumstances, they would prefer to waive the waiting period between receipt of the Closing Disclosure and consummation as well as the 7-day waiting period between receipt of the Loan Estimate and closing. Alternatively, the Bureau could simply "clarify" the definition of "bona fide personal financial emergency" to include a consumer's determination that the delay will cause adverse consequences and update the interpretive guidance with a non-exclusive list of reasons for considering waiver.[6]

Additionally, we urge the CFPB to create a model form for the consumer's written request for a waiver, to facilitate consumer understanding and creditor compliance. Today, TRID sets no standard format for the consumer's dated, signed written statement; the regulation stipulates

[5] In addition, the framework creates a favorable environment for cash homebuyers rather than those relying on a mortgage.

[6] For example, delays that cause or affect: lost earnest-money deposit; required move-out date following sale of the existing home; temporary housing, hotel, storage, or moving costs; job relocation orders or military transfer obligations (close or occupy by specific date); rate lock expirations, resulting in higher interest rates; contractual penalties; school-year or childcare timing needs; expiration of down-payment assistance, grant funding, bond-program eligibility, employer relocation benefits, or other third-party funding tied to a closing date; pending payoff of a bridge loan, construction loan, tax lien, judgment, or other obligation where delay would trigger default, penalties, or higher-cost debt; imminent loss of insurance coverage or property-related approvals necessary for closing; deadlines associated with estate, divorce, probate, or court-approved transactions; natural disaster or property-damage where loan proceeds are needed to restore safe housing; refinances where proceeds will consolidate high-cost debt or meet urgent household obligations.

only that the consumer must describe the "bona fide personal financial emergency" and their requested modified timeframe.

If the CFPB were willing to go further than an expanded definition (with a set of reasons in the interpretive guidance), a completely voluntary consumer waiver (that requires no specific type of rationale) of either the 3-day waiting period and 7-day waiting period would offer full consumer choice. We believe this is appropriate given the real-time provision of information and the sufficiency of the disclosures provided at the inception of the transaction. The Bureau could establish a requirement for the lender to inform the consumer of the impact of such waiver and develop a model waiver form. Frankly, this option should be available for refinancing borrowers, even if the Bureau decided not to pursue such an approach for all borrowers; refinance customers are least likely to need or want the three-day waiting period and three-day post consummation rescission period.

Moderate Liability: Permit Cures and Proportionate Penalties for TRID Errors

The rigid and highly technical nature of the existing TRID requirements, applied to mortgage and real estate transactions that involve multiple unrelated parties, will inevitably result in some errors. The rule should acknowledge the inevitability of minor errors that have no impact on the consumer, by allowing creditors to correct mistakes.

Further, the current regulatory liability associated with TRID errors is unclear and disproportionate to the potential consumer harm caused by common and unavoidable mistakes. While the Dodd-Frank Act directed that the TILA and RESPA disclosures be combined into a single disclosure, it did not amend the statutory provisions governing liability for the disclosures. This omission continues to cause concern because TILA permits borrowers to sue creditors and assignees for failing to comply with the pre-existing TILA mortgage disclosure requirements and RESPA does not.[7]

Despite long-standing industry requests for clarity, the Bureau declined to provide explicit guidance. Instead, the Bureau initially chose to address the issue by stating that it "believes these detailed discussions of the statutory authority [in the section-by-section analysis of the final rule] for each of the integrated disclosure provisions provide sufficient guidance for industry, consumers, and the courts regarding the liability issues raised by the commenters."[8] The Bureau subsequently stated—albeit not in formal guidance—that, "while the [TRID] rule does integrate the TILA disclosures with the disclosures required under [RESPA], it did not change the prior, fundamental principles of liability under either TILA or RESPA."[9]

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[7] Good faith estimate requirements reside under the RESPA statute and not TILA, so application of TILA penalties to RESPA seems to be inconsistent with the law.

[8] 78 Fed. Reg. 79730, 79757 (Dec. 31, 2013).

[9] Letter from Richard Cordray, Director, CFPB to David Stevens, President and CEO, MBA (dated Dec. 29, 2015), https://www.consumerfinancemonitor.com/wp-content/uploads/sites/14/2015/12/director-cordray-to-david-stevens.12.29-copy.pdf.

Industry has continued to express concerns regarding the lack of clarity regarding liability. In response, the Bureau published annotated versions of the LE and CD that provide citations to the underlying statutory provisions of TILA. However, these "TILA Mapping Disclosures" are not completely aligned with the preamble to the TRID Rule.

As a result of these attempts by the Bureau to address industry liability questions, significant ambiguity remains, and the possibility that minor errors trigger maximum liability remains. This lack of certainty has unnecessarily hindered the sale of loans, resulting in reduced credit availability. For example, loan purchasers, with potential TILA liability exposure, have refused to purchase loans where the settlement agent's license ID number is missing.[10] Another example is, creditors wishing to sell mortgage loans are directed to refund fees where the fee amount was disclosed accurately but placed in the wrong section of the form.

These technical issues do not result in borrower harm and should not create liability for a creditor or an assignee that inhibits the sale of a loan on the secondary market. Instead, creditors should be given the opportunity to correct these errors. If liability attaches, it should be appropriately related to the severity of the error that occurred.

To resolve these issues, the Bureau should amend the TRID Rule by:

- Clarifying in a formal interpretation that errors on the initial LE, or any CD other than the final CD provided to the consumer, do not provide for a separate private right of action. As noted above, former Director Cordray stated that this was the case in a non-binding letter to the MBA in December 2015. Although welcome, that letter does not afford certainty and protection to creditors or loan purchasers.
- Amending Regulation Z to create a "cure" for items that do not affect the finance charge so that statutory damages do not apply to those errors. Disclosures related to finance charges are generally the most important and, thus, they should carry the most significant potential liability. The Bureau should provide additional mechanisms for correcting errors to avoid liability, including:
    - Allowing creditors to cure numeric and non-numeric errors on the LE using a revised LE or a CD, unless the error was associated with a closing cost subject to tolerances (to the extent that the Bureau retains tolerances in the Rule);
    - Establishing a mechanism to correct clerical numeric errors that do not affect the finance charge, even if the CD provided at consummation contained the error;
    - Establishing a mechanism to cure untimely provision of the LE and CD. For example, today, creditors can cure errors that extend the rescission period by issuing corrected disclosures and informing the borrower that their rescission period has not expired. This is commonly referred to as "reopening rescission." A

[10] While this is due to the Dodd-Frank amendments to TILA, the Bureau should consider using exemption authority to address issues with non-finance charge "numerical" disclosures.

similar cure mechanism could be made available for timing errors associated with an untimely CD; and

- Clarifying that that TILA Section 130(b)[11] can be used to correct errors (1) associated with disclosures that were not adopted under TILA Part B and (2) that are not “mathematical.”

In addition, we urge the Bureau to expand upon interpretations that state that there is no civil liability for errors that are unknown at closing and figures must be based on the “best available information” available at that time. The Bureau should clarify how to satisfy the “best information reasonably available” standard for these items. For example, the Bureau should issue guidance illustrating how a creditor can satisfy the standard for estimated property taxes when it is known that publicly available information is not correct because taxes will change at or after purchase (e.g., the purchaser may lose a homestead exemption or taxes will eventually increase after construction).

Closing

We look forward to working with the Bureau to reform this regulation to reflect the best reading of the statute and appropriately balance costs and benefits. Please have your staff contact Matt Douglas at matt.douglas@housingpolicycouncil.org with any questions or to arrange further discussion. Thank you for your consideration.

Yours truly,

Edward J. DeMarco
President
Housing Policy Council

[11] TILA § 130(b), which is codified at 15 U.S.C. § 1640(b), provides that “[a] creditor or assignee has no liability under this section or section 1607 of this title or section 1611 of this title for any failure to comply with any requirement imposed under this part or part E, if within sixty days after discovering an error, whether pursuant to a final written examination report or notice issued under section 1607(e)(1) of this title or through the creditor’s or assignee’s own procedures, and prior to the institution of an action under this section or the receipt of written notice of the error from the obligor, the creditor or assignee notifies the person concerned of the error and makes whatever adjustments in the appropriate account are necessary to assure that the person will not be required to pay an amount in excess of the charge actually disclosed, or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower.”

Appendix A
Answers to Certain RFI Questions

Question 5. Are there ways to reduce the incidence of revised disclosures being issued while providing consumers with timely updates to settlement costs and avoiding closing delays?

Our discussion and recommendations above related to tolerances is relevant to this question, as those changes should reduce the need for lenders to reissue disclosures to reset tolerances. Furthermore, non-material and administrative changes should not trigger redisclosure requirements or delays.

Additionally, the CFPB should:

- eliminate any post-consummation disclosure requirements. If a borrower is due a refund, the refund should be made. Reissuance of disclosures any time after consummation is not beneficial to the borrower.
- establish that only one revised disclosure must be provided, three days before closing. Repeated redisclosures well in advance of the closing confuse and provide little benefit to the borrower.
- eliminate the requirement for revised disclosures if a change decreases the consumer's costs (for example, lower recording, notary or appraisal fees).

Question 7. What additional guidance or model forms could the CFPB issue to better facilitate consumers' decision to waive the statutorily required waiting periods for a bona fide personal financial emergency?

See our discussion above in top priorities.

Question 9. Does the three-business-day post-consummation rescission waiting period, coupled with the three-business-day pre-consummation TRID waiting period, unduly delay loan funding for refinance transactions? If so, how could the CFPB adjust the right of rescission or TRID waiting periods?

Yes. HPC recommends (above) a regulatory change for *all* loans, that would permit consumers to waive the various waiting periods. If CFPB cannot establish such waivers for all loans, we recommend applying the expansion of what constitutes a "bona fide personal financial emergency" and/or the option for broader voluntary waivers to refinance transactions at a minimum.

The CFPB also should modify the right to rescission form provided under 12 CFR 1026.23. Today, communication of the right to rescind is done via the H-8 form (appropriate for new creditor refinances) or the H-9 form (appropriate for same creditor, cash out refinances). Because of a split in court opinions, some jurisdictions allow creditors to always use the H-8 but other jurisdictions reject that premise and require the use of H-8 and H-9, depending on the situation. Using the incorrect form causes the loan to have an extended right to rescind for up to three years. Given the patchwork nature of the legal landscape, creditors need greater certainty. Allowing the use of the H-8 form in all instances would greatly reduce compliance cost and failures, without diminishing consumer benefit and understanding.

Question 10. Are there adjustments to the tolerance thresholds that could improve loan execution and result in improved credit access and lower consumer costs? For example, are there instances where the CFPB should consider adjusting tolerances for transfer taxes because transfer taxes cannot be determined within three business days of application?

See our discussion above in top priorities.

Question 11: Is there additional guidance that CFPB should provide around changed circumstances, which result in the issuance of revised estimates? For example, should the CFPB consider providing additional guidance around changed circumstances in cases where a purchaser continues to negotiate with the seller for payment of charges customarily paid by the borrower?

Under the current TRID rule (§ 1026.19(e)(3)(i) see Comment 19(e)(3)(i)-5 and Comment 19(e)(3)(i)-6), lenders are generally required to honor disclosed lender credits, even when the associated fees are reduced or eliminated—except in narrowly defined circumstances. This often results in unintended creditor payments to consumers. The CFPB should revise the rule to allow specific lender credits to be reduced or eliminated when there are changes to the corresponding fees regardless of whether there has been a specific changed circumstance.

Question 12. Should the TRID disclosure forms be modified in a way that would improve clarity for consumers and loan execution for mortgage brokers or creditors?

We have a few suggestions:

First, collapse some of the fee itemization for certain categories of fee disclosures. The listing of multiple sub-charges often causes customer confusion. The CFPB should consider collapsing fee itemization on the LE and CD for title and appraisals. CFPB could limit the number of fees identified under each category (e.g., 5 fees). If that number is reached, the remaining fees would be grouped together in one line. The condensed information would present the overall cost to the consumer, which is easier to understand and still relevant for any shopping comparisons.

Second, for wholesale transactions, the three-day timer for the LE should begin when the lender receives the TRID application data directly from the mortgage broker. Today, this timer starts upon the broker's receipt of the application, not the lender's, creating a non-curable compliance violation if the broker delays submission. This technical failure forces lenders to reject otherwise qualified applications, requiring the client to restart the entire process. Separately, a requirement should be imposed on mortgage brokers to submit the application promptly (within one or two business days) to the mortgage lender.

Third, the Bureau should make optional third-party contact fields, which add unnecessary complexity with little consumer benefit. These include

a) the real estate agent contact field, because a consumer may not have an agent, the agent's information may be unavailable or change before closing, or the consumer may already have that information through other transaction documents.
b) In wholesale transactions, the wholesale lender should not be required to list a contact at all because the mortgage broker is the consumer-facing party and primary point of contact.

Question 13. Is there additional guidance that CFPB should provide regarding the acceptability of electronic or digital forms and signatures that would promote their use and lower costs for consumers?

We believe this is an opportunity for CFPB to revise TRID and its guidance to acknowledge the digitization of the mortgage process. Consumers increasingly receive information through secure portals, electronic notifications, and digital communications throughout the origination process. CFPB should modernize TRID to recognize electronic delivery, digital acknowledgments, real-time updates, and document retention methods that reflect current consumer expectations and behavior.

For example, the CFPB should amend the definition of "application" to better reflect the online application process. The definition of "application" includes six pieces of information and restricts a creditor for asking for more information. Once a creditor has received the six pieces of information (consumer's name, income, and social security number, property address, estimate value of the property, and loan amount sought), an application has been received, and the timing requirements of TRID begin.[12]

This limitation unnecessarily restricts a creditor from inquiring about the purpose of the loan, and from requiring certain vital information, such as the address/email address to send the disclosures before the clock starts to deliver a Loan Estimate. This is especially relevant in the digital mortgage space, as the purpose of the loan is critical information in determining options available to the consumer. Moreover, our members' experience proves that the more information a creditor receives early in the process, the more reliable the Loan Estimate will be. We ask the CFPB to amend the guidance to permit creditors to obtain more information beyond the six items listed before the timing requirements of Regulation Z begin. Consumers should be able to provide as much information as they choose, including sharing the terms of a purchase agreement.

Another update opportunity is shortening the timeframe required for receipt of digitally-provided disclosures. Today, if TRID disclosures are not provided to the consumer in person, the

[12] 12 CFR pt. 1026, Supp. I, 1026.2(a)(3)-1 ("This definition does not prevent a creditor from collecting whatever additional information it deems necessary in connection with the request for the extension of credit. However, once a creditor has received these six pieces of information, it has an application for purposes of the requirements of Regulation Z.")

consumer is considered to have received the disclosures three business days after they are delivered or placed in the mail. The official interpretation explains that this three-business-day period applies to methods of electronic delivery, such as email.[13] For example, if a creditor sends the Early Estimate via email on Monday, the consumer is considered to have received the disclosure on Thursday. Given the immediate nature of electronic delivery, there is no reason for this three-business-day period to apply to such delivery method. The CFPB should treat electronic delivery of disclosures the same as disclosures provided in person. In conjunction with this change, the CFPB should provide guidance on the treatment of co-borrowers with differing preferences in delivery methods.[14]

CFPB should also consider updates that anticipate the adoption of agentic and artificial intelligence. For example, the CFPB could consider whether a natural person loan originator must be involved in the creation and delivery of a Loan Estimate or Closing Disclosure and, if not natural person loan originator must be involved, what NMLS number needs to be disclosed (if any at all). Mis-disclosure of the NMLS number on the Closing Disclosure gives rise to significant damages (enhanced damages not just statutory) and carry with it a longer statute of limitations (three years instead of one).[15] Providing clarity on circumstances in which no NMLS number is required would be beneficial for future technological advancements in the loan origination process.

Question 15. Are there other changes to the TRID Rule that CFPB should consider to facilitate compliance with the disclosure requirements of TILA and RESPA and to aid the consumer in understanding the transaction?

In addition to the above top priorities on cures and penalties for TRID errors, we offer the following suggestions:

Use One Definition of "Business Day"

TRID has two definitions of "business day," each of which is used for distinct purposes. The first definition is any day on which the creditor's offices are open to the public for carrying out substantially all of its business functions, and it is used to determine the timing of the initial Loan Estimate and revised Loan Estimate. The other definition is all calendar days except Sundays and federal holidays and that is used for Closing Disclosure timing and rescission rights. Two definitions of the same term in a single rule creates unnecessary complexity leading to unintentional errors. CFPB should adopt a single, consistent definition of "business day" for TRID. The simplest approach is the latter definition: all days except Sundays and federal holidays.

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[13] See, e.g., 12 CFR pt. 1026, Supp. I, 102.619(e)(1)(iv)-2.

[14] In conjunction with this change, the CFPB should provide guidance on the treatment of co-borrower with differing preferences in delivery methods. If one prefers mailed disclosures and one prefers digital, the CFPB should provide guidance on when a disclosure is considered received.

[15] 15 U.S.C. 1640.

Exempt ARM Variations from "Product Change" Definition

CFPB should update TRID to affirm that minor variations[16] in the length of an adjustable-rate mortgage (ARM) introductory fixed-rate period that do not alter the essential characteristics of the loan product do not constitute a product change for purposes of the TRID waiting period requirements.

This issue is particularly relevant for FHA and VA adjustable-rate mortgages (ARMs), where the length of the initial introductory fixed-rate period may vary slightly based on the loan's closing date and the timing of loan pooling. For example, the introductory period may change from 61 months to 65 months if closing is pushed to a different month, however, the loan remains a 5/1 ARM with the same fundamental product features, underwriting, pricing structure, and consumer expectations.

Under the current TRID framework, this type of administrative adjustment may be treated as a product change since the product description would change from a 5.08/1 Adjustable Rate to 5.33/1 Adjustable Rate. This would require a revised Closing Disclosure and an additional three-business-day waiting period even though the underlying product 5/1 ARM has not changed. This interpretation does not advance consumer understanding or protection and instead results in unnecessary delays and increased costs for both lenders and borrowers.

Establish Explicit Timing Requirement for Delivery of CD to Non-borrowers

CFPB should establish explicit timeframes for delivery of the CD to non-borrowers, who should be provided with the CD at closing; while nonborrowers have the right to rescind, they don't need to receive the disclosures in advance of the closing.

Eliminate the Seller Closing Disclosure

The CFPB should eliminate the requirement that the settlement agent provide a seller closing disclosure. The requirement provides limited incremental benefit to the seller beyond existing settlement statements and other closing-related documents, while imposing significant compliance, timing, and documentation burdens.

If CFPB cannot eliminate the seller disclosure, additional guidance is needed:

- The dates listed on the seller CD can be inconsistent with the dates defined in the purchase agreement. The closing date for most western states is the deed recordation date. CFPB should permit this date when dictated by state law, in lieu of consummation date

[16] These variations are attributable to operational factors such as closing date or pooling timing.

- The CFPB should explicitly state that there is no requirement for the settlement agents to demonstrate timely seller receipt of the disclosure. Many creditors require a seller signature, a burden that becomes troublesome if the signature is missed.
- CFPB should acknowledge and permit waiver of disclosure timing requirements when final figures are not available. For example, the settlement agent must update the payoff figures, homeowner's association dues, tax prorations and even final utility bills after the Closing Disclosure is typically provided.

Streamline Title Insurance Disclosures

There are several modifications the CFPB can make to eliminate confusion and friction:

- Eliminate the deduction of charges from the Owner's Title Policy when a discount is offered on the Lender's Title Policy (when issued simultaneously with the Owner's Title Policy) and the associated reconciliation of the Buyer's and Seller's Closing Disclosures.
- Remove the term "Optional" from the Owner's Title Insurance Policy designation, which misrepresents coverage as unnecessary or waivable, when in practice title insurance is a customary and often required.
- Revise the treatment of the Owner's Title Insurance Policy on the Closing Disclosure, to eliminate the debit and credit entries associated with the Owner's Title Insurance Policy. These cause confusion because they do not align with the figures reflected on the settlement statement.

Subject Shared Equity Mortgages to TRID

Transactions in which the consumer's repayment obligation includes a shared-appreciation or shared-equity component should be covered by TRID. 12 CFR § 1026.33(c)(3) expressly recognizes any shared appreciation or equity in the dwelling that the creditor is contractually entitled to receive as additional creditor compensation. Accordingly, consumers should receive clear disclosures explaining the value they receive, the events that trigger repayment, how the provider's share will be calculated, and how home-price appreciation and the passage of time may affect both the amount owed and the equity remaining in the home under a variety of scenario.