



Compliance FAQs: Which Settlement Statement Forms are Required and Which Are Optional With TRID?

By TLTA Staff

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TLTA and the Texas Department of Insurance (TDI) have received a number of questions regarding which settlement statement forms are required and which are optional under the new TILA RESPA Integrated Disclosure (TRID) regulations that went into effect on Oct. 3. Here are some key answers to ensure that you stay in compliance with both federal and state regulations.

When is a Closing Disclosure (CD) required to be used? CFPB's new federal form, the Closing Disclosure (CD), is required to be used in all transactions that involve a loan regulated by TRID. The lender will make this determination based on the type of loan they are making.

When is a Texas Disclosure (TD) required to be used? If a Closing Disclosure is used, Texas regulations also require that the new Texas Disclosure (TD) also be used. The TD was developed to handle required Texas disclosures that could not properly be accommodated on the CD. So, it's easy to remember: if a CD is required, a TD is always required, too.

When a CD and TD are required, can an additional optional settlement statement or disbursement form be used, too? No other settlement statement or disbursement forms are required to be used by federal or state regulations. However, if a company chooses for business reasons or upon request by the lender or buyer/seller to use an additional settlement statement form, such as the Texas promulgated buyer/seller forms or the ALTA uniform settlement form, there is no prohibition against that, but it is strictly optional. The important thing to remember is that in TRID regulated transactions, those optional forms cannot be used in lieu of the required CD and TD – only in addition to the required forms. Note: There are widely varying viewpoints on whether or not an additional optional settlement statement form is needed or desirable. TLTA will monitor this issue closely as TRID implementation unfolds and keep you apprised. *UPDATE: Note, you may secure the parties' signatures on any additional form but you must be sure and include the CD and signed TD in the file so TDI auditors have clear evidence that the CD and TD were used in the transaction.*

What forms should be used in transactions that are not regulated by TRID? When a transaction involves a reverse mortgage loan, RESPA regulations continue to require the lender to provide a GFE to the borrower, and the settlement agent must prepare a 2010 HUD-1.

When a transaction involves a loan that is neither regulated by TRID or by RESPA, the lender may choose to use a CD although not required, or they may require another settlement statement form of their choosing, or they may simply allow the settlement agent to choose the form of settlement statement. If they opt to require a CD, then once again a TD is required to be prepared by the settlement agent since it is always required to be used anytime a CD is used. However, if the lender opts to require a settlement statement form other than the CD if that form is not a Texas promulgated buyer/seller form or a federal HUD-1, the title agent must also prepare a form that is approved by law/regulation for use in Texas, such as the Buyer and Seller forms in the Basic Manual or a HUD-1 Uniform Settlement Statement.