

CFPB Updates TRID Rule FAQs to Address Construction Loans

Ballard Spahr
LLP

Article By

[Richard J. Andreano, Jr.](#)

[Ballard Spahr LLP](#)

[Consumer Finance Monitor](#)

- [Financial Institutions & Banking](#)
- [Real Estate](#)
- [Construction Law](#)

- [All Federal](#)

Monday, June 3, 2019

The CFPB recently updated the TILA/RESPA Integrated Disclosure (TRID) rule [FAQs](#) to address construction loans. The guidance falls well short of what the industry is seeking from the CFPB.

Because of the lack of guidance from the CFPB on how to disclose construction loans under the TRID rule, the industry asked Congress to intervene. As previously [reported](#), the Economic Growth, Regulatory Relief, and Consumer Protection Act includes a provision that it is the sense of Congress that the CFPB should endeavor to provide clearer, authoritative guidance on the applicability of the TRID rule to construction-to-permanent loans, and the conditions under which such loans can be properly originated.

Rather than provide detailed guidance on the completion of the Loan Estimate and Closing Disclosure for construction-only loans and construction-to-permanent loans, in two FAQs the CFPB simply addresses basic issues already well understood by the industry.

In one FAQ the CFPB simply confirms that the TRID rule applies to most construction-only and construction-to-permanent loans. In the other FAQ the CFPB simply confirms the existence of certain Regulation Z provisions that address construction loans. The provisions are (1) section 1026.17(c)(6), which provides for the ability of a creditor to treat a construction-to-permanent loan as one or multiple transactions, (2) Appendix D, which provides guidance on how to calculate certain

disclosures with construction loans, and (3) section 1026.19(e)(3)(iv)(F), which permits a creditor to issue a revised Loan Estimate with a loan on new construction when settlement is expected to occur more than 60 days after the original Loan Estimate is provided.

If the CFPB is unwilling or unable to provide definitive guidance on how to complete the Loan Estimate and Closing Disclosure for construction-only loans and construction-to-permanent loans, including providing sample completed disclosures, it should reconsider whether the TRID rule should apply to such loans.

Copyright © by Ballard Spahr LLP

Source URL: <https://www.natlawreview.com/article/cfpb-updates-trid-rule-faqs-to-address-construction-loans>