

# Client Alert

May 2018

## TRID Updates: CFPB Issues “Black Hole” Fix and Updated TRID-related Industry Guides

In May 2018 the Consumer Financial Protection Bureau (CFPB) published a final rule amending the TILA-RESPA Integrated Disclosure Rule (TRID) and updated compliance guides in connection with recent amendments to TRID.

On May 2, 2018, the CFPB published a final rule amending TRID (the 2018 TRID Amendment) to address the timing issue commonly known as the “black hole.” Under TRID, a creditor may not issue a revised Loan Estimate if a Closing Disclosure has already been delivered; however, a creditor was only permitted to use a Closing Disclosure to reset tolerances if there were less than four business days between the time a revised Loan Estimate would need to be provided and consummation. In cases in which the Closing Disclosure had been provided with more than four days remaining until consummation, creditors were left unable to use a Closing Disclosure to reset tolerances.

Under the 2018 TRID Amendment, the CFPB removes the four-day timing requirement. When a valid changed circumstance exists, a creditor may use an initial or revised Closing Disclosure to reset tolerances regardless of the number of days remaining until consummation. The effective date for this change is June 1, 2018. As of that date, the amended rule can be applied both to applications currently in process and applications received after that date.

In addition, on May 15, 2018, the CFPB released updates to its Small Entity Compliance Guide (versions 4.1<sup>[1]</sup> and 5.2<sup>[2]</sup>) and Guide to Forms (versions 1.5<sup>[3]</sup> and 2.1<sup>[4]</sup>) to reflect the 2018 TRID Amendment. Version 5.2 of the Compliance Guide and version 2.1 of the Guide to Forms have been updated to reflect the 2018 TRID Amendment, and were previously updated to include the amendments to TRID issued in July 2017 (the 2017 TRID Amendment). Version 4.1 of the Small Entity Compliance Guide and version 1.5 of the Guide to Forms have been updated to reflect the 2018 TRID Amendment, but do not contain updates related to the 2017 TRID Amendment.

The CFPB currently maintains two separate versions of these guidance documents due to the fact the 2017 TRID Amendment contains an optional compliance period. Prior to October 1, 2018, creditors and mortgage brokers may implement the changes required by the 2017 TRID Amendment in phases or even all at once. However, as a general matter, compliance with the 2017 TRID Amendment is required for applications received on or after October 1, 2018.

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<sup>[1]</sup> CFPB, TILA-RESPA Integrated Disclosure Rule, Small Entity Compliance Guide, v. 4.1, May 2018.

<sup>[2]</sup> CFPB, TILA-RESPA Integrated Disclosure Rule, Small Entity Compliance Guide, v. 5.2, May 2018.

<sup>[3]</sup> CFPB, TILA-RESPA Integrated Disclosure Rule, Guide to the Loan Estimate and Closing Disclosure forms, v. 1.5, May 2018.

<sup>[4]</sup> CFPB, TILA-RESPA Integrated Disclosure Rule, Guide to the Loan Estimate and Closing Disclosure forms, v. 2.1, May 2018.

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