

# TRID

## TILA RESPA Integrated Disclosures

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August 5, 2015

Changed Circumstances: Revised Loan Estimates  
and Revised Closing Disclosures

# Changed Circumstances

- The reasons and timing are not changing with TRID.
- Revised Loan Estimates must be sent within three business days of determining the valid Changed Circumstance.
- A changed circumstance for purposes of a revised Loan Estimate is:
  - An extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction;
  - Information specific to the consumer or transaction the creditor relied upon when providing the Loan Estimate which was inaccurate or changed after the disclosures were provided; or
  - New information specific to the consumer or transaction not relied on when providing the LE.

## Revised Loan Estimate - Allowances

- Changed circumstances causing settlement charges to increase;
- Changed circumstances affecting the consumer's eligibility or the value of the security for the loan;
- Revisions to the credit terms or the settlement requested by the borrower;
- The interest rate moved from floating to locked or was extended;
- LE expired – intent to proceed was after the 10 business days; or
- The loan is a new construction loan and settlement is delayed by more than 60 calendar days
  - Original Loan Estimate must state that at any time prior to 60 calendar days before consummation, the creditor may issue revised disclosures.


## Changed Circumstance Example

- The consumer indicated a \$90,000 annual income; however, underwriting determines the consumer's annual income is only \$80,000. This change in income might cause a change in eligibility.
- There are two co-applicants applying for a mortgage loan and a combined income was used when providing the Loan Estimate, but one applicant subsequently becomes unemployed.
- Revised LE must be delivered or placed in the mail no later than three business days after receiving the changed circumstance information.
- These are not a change from today!

## Variance Threshold with Revisions

- A revised Loan Estimate may be sent if changed circumstances cause the estimated charge to increase.
- It will be paramount to track 10% fees. Variance/tolerance buckets are not re-set simply because a Revised Loan Estimate is issued.
  - If the COC does not cause the threshold to be exceeded, the variance bucket is not reset.
- Example of 10% variance bucket issue
  - Inspection Fee \$150
  - Title – Title Services \$600
  - Title – Owner’s Title Insurance \$1,100
  - Title – Lender’s Title Insurance \$1,100
  - Total of 10% variance \$2,950
  - Addition of Final Inspection \$150

Not more than \$295 (10%). Bucket is still at \$2,950.



## CMG Policy – Revised Loan Estimates

Note: These decisions are to aid in tracking of the 10% variance threshold.

- Revised LEs will only be sent in the following circumstances:
  - Rate is locked or extended.
  - Changed Circumstance causing variance thresholds to increase above the tolerance amount.
    - If the 10% bucket is not exceeded by 10%, no re-disclosure.
  - Loan amount increases or decreases
- The knowledge of a seller credit would not allow for a revised LE. The addition of such is not a valid Changed Circumstance which increases fees. Thus, re-disclosures is not allowed.
  - Fee Worksheets or Cash-to-Close forms may be used.
- A Fee Worksheet may be used to show increases in 10% variance fees where a Revised Loan Estimate will not be generated.

## Revised Closing Disclosures

- Once the initial Closing Disclosure is sent, no further Loan Estimates may be provided.
  - A Loan Estimate and a Closing Disclosure should not be sent on the same day.
- Any Changed Circumstances occurring after the initial Closing Disclosure will have to be provided through a Revised CD.
- Revised CDs only reset the three business day wait period if:
  - the Annual Percentage Rate changes by more than .125% (fixed rate) or .250% (ARM);
  - the loan product information on the Closing Disclosure changes; or
  - a prepayment penalty is added.

## CMG Policy – Revised Closing Disclosure

Note: These decisions are to ensure we do not issue “magic” GFEs of today.

- Revised CDs will not reset variance thresholds except when:
  - Rate is locked or extended.
  - Loan amount increases or decreases
- All other causes for a Revised CD will not reset the variance threshold.
  - Cure tolerances may be necessary.
- Remember, revised CDs are required when a fee or other item on the CD becomes inaccurate.



ANY QUESTIONS?

