TRID
TILA RESPA Integrated Disclosures
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Changed Circumstances: Revised Loan Estimates and Revised Closing Disclosures

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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 a 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?