Changed Circumstances
TRID Loan Estimate

1. **What Are Changed Circumstances**

   A “changed circumstance” is defined under RESPA as:

   - An Act of God, war, disaster or other emergency
   - **New information** regarding the consumer, the loan or the property
   - **Information** regarding the consumer’s qualification for the loan on which the originator relied in providing the LE that changes or is later found to be inaccurate

2. **What Are Not Changed Circumstances**

   - Error(s) in disclosing an initial or subsequent LE
   - Delays in underwriting/checking in conditions, leading to lock extension fees

3. **Examples of Changed Circumstances**

   - Interest rate lock
   - Appraised value comes in lower than expected, creating a pricing adjustment for higher LTV
   - Loan program is flipped from Conventional to FHA, adding UFMIP
   - Consumer’s credit score drops, resulting in a pricing increase
   - Consumer requests a change in loan amount, interest rate, loan program or terms, leading to an increase in settlement costs
   - Lock extension due to circumstances beyond PRMG’s control; e.g.:
     - Seller delay in short sale approval
     - Consumer/broker/escrow delays in submitting conditions
     - Appraisal identifies necessary repairs that are not completed on time

4. **When Settlement Costs May Increase:**

   - Once the consumer has accepted the terms of the initial LE, the settlement costs cannot increase beyond the permitted tolerances unless a valid changed circumstance, as defined above, has occurred
   - If the interest rate is floating, the interest-rate dependent charges (i.e., credit or discount) can change until the rate is locked; at which point, absent a valid changed circumstance:
     - An interest-rate credit cannot decrease, or
     - Discount points cannot be increase
5. Revised LE Due to Changed Circumstance

- A revised LE must be sent:
  - Within three (3) business days of any Changed Circumstance, as defined under the TRID Rule, including interest rate lock, but received by the consumer no later than four (4) business days prior to the Closing Date (date borrower signs closing documents)
  - The Closing Disclosure must be received by the consumer at least three business days prior to the Closing Date
  - If we do not have borrower’s eConsent already on file, we will need time for the disclosures to reach the borrower via U.S. Mail delivery

- Watch Estimated Closing Date
  - A revised Loan Estimate cannot be issued once the Closing Disclosure has been delivered

- “General Business Days” for purposes of delivering the LE:
  - Include days that substantially all of PRMG’s functions are open for business
  - Exclude Saturdays, Sundays and Federal Holidays

- Changed circumstances requiring a revised LE:
  - The interest rate locks, even if the interest rate, settlement costs, and credit/charge are the same as disclosed in the initial LE
    - The interest rate expiration date will change
    - Consumers need to know the date by which they need to close their loan in order to keep that rate
  - The changed circumstance increases settlement costs to the consumer beyond the permitted tolerance (i.e., 10% bucket), even if the change is requested by the consumer
  - A change in the loan amount – either up or down – should always be re-disclosed, even when the consumer is requesting a lower loan amount
    - A lower loan amount will decrease the interest-rate credit
    - A higher loan amount will increase the discount points
• Changed circumstances that do not require a revised LE:
  o Changes that do not result in increased settlement costs to the consumer; e.g., a change in the loan program might not trigger an increase in settlement costs
  o Increases in charges that are not subject to tolerance limits; e.g.:
    ▪ Per diem interest, property taxes, homeowner’s insurance
    ▪ Charges for services that we do not require; e.g., owner’s title policy
    ▪ Charges for services we require but for which we permit the consumer to shop for the provider, when the consumer does shop (i.e., selects a provider who is not listed on the Settlement Service Provider List); e.g., title insurance, settlement/escrow
  o Increases in charges under the 10% Tolerance Category, when the sum of all charges in that bucket do not exceed the 10% limit
  o APR increase > 0.125%, unless the increase results from a changed circumstance that otherwise requires a revised LE

6. **Good Faith Fee Variance Alert**

• If settlement costs increase outside of the permitted tolerance, the Good Faith Fee Variance Alert will fire. If not known, verify the charges that increased, e.g.:
  o Discount points
  o Appraisal or credit report fees
  o Title or settlement charges, transfer tax
  o Decrease in Specific Lender Credits disclosed

• If a valid changed circumstance triggered the Fee Variance Alert, redisclosing the LE will clear the Alert
7. 2015 Itemization
   - Adjust settlement cost if warranted by the changed circumstance
     - If the consumer is permitted to shop for the service provider (e.g., after reviewing the appraisal, underwriter conditions for a pest inspection or septic cert), open the Fee Details box on the line item and check the Consumer can shop for box.
• Open the Settlement Service Providers Form in FT360:
  o Add a provider for the new service in the geographic area of the property
  o Include updated SSPL with the revised LE

• The updated SSPL will not automatically generate in your redisclosure line-up
  o Click Add Additional Documents
  o Select Settlement Service Provider List (2015)

  ![Add Additional Docs](image)

  - Property: Flood Insurance Policy
  - Settlement Service Provider List (2015)
  - Settlement Service Providers

• Verify:
  o All other charges are accurate as of the current date
  o Line 802 credit or discount is accurate, even if the interest rate is not locked

8. Loan Estimate -- Page 1

• Check the Changed Circumstance box in LE Page 1
  o LE Date Issued = current date
  o Check the applicable Reason box
  o Check the valid Changed Circumstance that applies from the dropdown (magnifying glass)

  ![Loan Details](image)

  - LE Date Issued: 09/02/2015
• The **Redisclose Loan Estimate (Changed Circumstance) Alert** will fire:
  
  o The **Changes Received Date** and **Revised LE Due Date** populate automatically
  
  o **Watch Estimated Closing Date**, especially if we are not sending the revised LE on the event date
    
    ▪ Be sure there is still enough time to deliver the Closing Disclosure at least three business days before the Closing Date
  
  o If the interest rate is locked, lock information will auto-populate in the LE

  ![Loan ID: 4254568902]

  ![Rate Lock: Yes, Locked Date, Lock Expiration Date]

  ![Closing Costs Estimate Expiration Date: 09/17/2015, 5:00 PM PST]

9. **eDisclose LE**

• We are required to disclose the **LE** only to the primary consumer
  
  o If a primary consumer can be identified; otherwise, deliver LE to all consumers
  
  o If the initial LE was delivered only to one consumer, follow suit on the revised LE
  
  o If the initial LE was delivered to all consumers, follow suit with that as well

• Do not need to schedule **Fulfillment** if we already have consumer’s eConsent
  
  o If we do **not** have consumer’s eConsent -- or consumer does not use email -- schedule **Fulfillment** for General **Business Day 3**
  
  o LE must go out no later than third business day after changed circumstance takes place
  
  o Fulfillment cannot be scheduled for the same day that LE is eSent
• Mailbox Rule:
  - Disclosures are presumed received on the third business day following the date the LE is sent electronically
    - “Specific Business Days” for purposes of determining delivery of the LE and wait periods:
      - Include Saturdays (follow the rescission rule)
      - Exclude Sundays and Federal Holidays
  - The LE is considered delivered earlier than the third business day, as long as we have:
    - Evidence that the consumer received it sooner, and
    - The consumer’s eConsent prior to delivering the COC LE