



TRID CHANGE OF CIRCUMSTANCES

A valid Change of Circumstance (COC) for the purposes of a revised Loan Estimate (LE) under TRID is:

- 1) An extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction;
- 2) Information specific to the consumer or transaction that the creditor relied upon when providing the LE and that was inaccurate or changed after the LE was provided; or
- 3) New information specific to the consumer or transaction that the creditor did not rely on when providing the LE.

Examples of Changed Circumstances

A. Changed Circumstances affecting Settlement Costs:

- 1) A natural disaster, such as a hurricane or earthquake, damages the property or otherwise results in additional closing costs.
- 2) The creditor provided an estimate of title insurance on the LE, but the title insurer goes out of business during underwriting.
- 3) New information not relied upon when providing the LE is discovered, such as a neighbor of the seller filing a claim contesting the boundary of the property to be sold.

B. Changed Circumstances that affect Eligibility:

- 1) If the changed circumstance results in a change in the applicant's eligibility for the specific loan terms identified in the LE. For example, the creditor relied on the consumer's representation to the creditor of a \$90,000 annual income, but underwriting determines that the consumer's annual income is only \$80,000.

- 2) There are two co-applicants applying for a mortgage loan and the creditor relied on the combined income when providing the Loan Estimate, but one applicant becomes subsequently unemployed.
- 3) Borrower's income is reduced due to supporting documentation received after the initial LE was provided to the borrower.
- 4) Credit report changed since initial credit report was pulled prior to issuing the initial LE.
- 3) The borrower's credit score changes.

C. Changed Circumstances Based On Consumer's Request: A creditor may use a revised estimate of a charge if the consumer requests revisions to the credit terms or settlement that affect items disclosed on the LE and cause an estimated charge to increase.

D. Rate Lock is a Changed Circumstance:

- 1) If the interest rate is locked after the LE is issued, the interest rate as well as points or lender credits may change and is a valid change of circumstance. The creditor is required to provide a revised LE no later than three (3) business days after the date the interest rate is locked.
- 2) If the rate is locked, rate lock expires and rate is re-locked or rate lock is extended.

E. Other:

- 1) Loan amount increases or decreases. Only fees that are calculated as a percentage of the loan amount may change.
- 2) Valid pricing changes (i.e. credit score changes, LTV changes, addition or deletion of escrow account, etc.).
- 3) If it is determined that an additional service such as an additional pest, structural or other inspection, upgraded appraisal, certification, survey or other requirements are required by the creditor in connection with the loan transaction.
- 4) A GSE, FHA or mortgage insurance program changes and the loan originator did not have notice of the change prior to issuing a LE.
- 5) It is determined that a party will be using a power of attorney (POA) to sign, which may require additional work and fees.

- 6) Additional documents (such as releases) are discovered that must be recorded causing an increase in government recording fees.
- 7) If the property address provided by the applicant is not the correct legal address.
- 8) It is determined that the property use may change, such as from a second home to rental property.
- 9) Parties are added or removed from title or the property is moved into or out of a trust.
- 10) A co-borrower is added to the loan.
- 11) The appraisal comes in with a lower value than originally estimated when the initial LE was provided to the borrower.
- 12) Appraisal requirement for re-inspection (442).
- 13) Title issues requiring additional services.
- 14) Unique property characteristic (not known by the loan originator or disclosed by the applicant at the time of application) resulting in additional or increased appraisal fees.

F. Changed Circumstance Resulting in an Additional Three (3) Day Waiting Period Prior To Closing after Closing Disclosure (CD):

- 1) Disclosed APR becomes inaccurate meaning the APR increases by more than 1/8 of one percent.
- 2) Loan product changes.
- 3) Prepayment penalty is added.

NOTE: It is difficult to list every possible item or situation, which would constitute a COC therefore, this is not an exhaustive list of possible COCs and will be updated as applicable.