

Regulation Z has been amended with the Mortgage Disclosure Improvement Act (MDIA), which was passed as part of the Housing and Economic Recovery Act of 2008 (HERA).

The changes with the new MDIA regulation are as follows:

1. These new rules are effective with submissions to AHE taken on or after July 30, 2009 and apply to all closed end transactions, regardless of loan purpose and lien position for all primary and second home transactions. Investment properties are excluded.
2. The Truth-in-Lending (TIL) disclosure must now include the following statement: "YOU ARE NOT REQUIRED TO COMPLETE THIS AGREEMENT MERELY BECAUSE YOU HAVE RECEIVED THESE DISCLOSURES OR SIGNED A LOAN APPLICATION".
3. No fees may be charged by a lender or other party prior to the Borrower receiving the initial/early TIL. Receipt of the initial/early TIL disclosure will be deemed received three (3) business days from the date of mailing. The only exception to the charging of fees is a bona fide and reasonable credit report fee.
4. There is now a seven (7) day waiting period prior to closing. Under the new rule, the loan cannot close earlier than the seventh (7<sup>th</sup>) business day after the initial/early TIL is mailed to the Borrower. For purposes of calculating the waiting period, "Business Day" is defined as any day other than Sunday or the statutory federal legal public holidays (the same definition used today to determine rescission day under Regulation Z).
5. If the APR disclosed on the initial/early TIL later increased outside of the tolerance levels in Regulation Z 226.22, which are .125% on Fixed Rate loans and .250% on ARM loans, a corrected TIL must be received by the Borrower no later than three (3) business days before the date of the signing. If the corrected TIL is mailed (which includes any form of mail, overnight delivery or courier) the lender must allow an extra three business days after the mailing date, in addition to the three (3) business days to allow the Borrower to review before signing of loan documents. For purposes of calculating business days for this requirement, "Business Days" is defined as any day other than Sunday or the statutory federal legal holidays (the same definition used for rescission day under Regulation Z).
6. APR changes that are within the tolerance or other TIL changes to the initial/early TIL still require a final TIL, which can be given to the Borrower at the signing with no three (3) business day waiting period required.



The calendar below outlines the first day that additional fees can be collected, allowing the appraisal to be ordered by the Broker or Lender as well as the first day that loan documents could be signed in the event that the APR is within tolerance.

To expedite the ordering of the appraisal on behalf of the Borrower, American Home Equity will send an Initial Disclosure Notification to the Borrower when the Broker has Registered the loan. To Register the loan the following items can be sent to [www.loanreg@ahedirect.com](mailto:www.loanreg@ahedirect.com) (this form can be found at [www.ahedirect.com](http://www.ahedirect.com)):

1. Registration Form
2. 1008
3. Good Faith

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Sundays nor legal holidays will count	Loan Application Received *Initial/Early Disclosures mailed out	Mail Day 1	Mail Day 2	Mail Day 3	Review Day 4 *Appraisal may be ordered	Review Day 5
Sundays nor legal holidays will count	Review Day 6	Review Day 7 If there is NO APR change: DOCS MAY BE SIGNED!				

The following calendar reflects when there has been an increase in the APR from the initial/early TIL disclosure greater than .125% on Fixed Rate loans and .250% on ARM loans. A waiting period of six (6) days is required prior to the signing of the loan documents.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Sundays nor legal holidays will count	Redisclosure mailed to Borrower	Mail Day 1	Mail Day 2	Mail Day 3	Review Day 4	Review Day 5
Sunday nor legal holidays will count	Review Day 6 DOCS MAY BE SIGNED!					

**Changes to the APR greater than the allowable tolerances will delay the signing of loan documents; therefore it is imperative that accurate disclosure of the fees and cost of the loan are disclosed correctly.**