



## MDIA Update

Released: August 7, 2009

### Mortgage Disclosure Improvement Act of 2008

On July 14, 2009 One Choice issued guidelines to comply with the new requirements of the Mortgage Disclosure Improvement Act (MDIA). Those guidelines are being revised as follows:

**The requirements are effective with loan applications taken on or after July 30, 2009.**

***Initial Truth-In-Lending (TIL) Disclosure:***

Under the new rule, estimated disclosures must be given no later than three (3) business days after receipt of application for any consumer purpose mortgage and should include a Good Faith Estimate of Settlement Charges (GFE), Truth-in-Lending disclosure as well as a Servicing Transfer Disclosure. Additionally, OCM will require the Mortgage Broker Agreement Disclosure on all loans. If the transaction requires a rescission period the disclosures must be made to all Borrowers that have the right to rescind.

***Fee Collection Acknowledgment:***

One Choice recommends that Borrowers execute the Fee Collection Acknowledgment Form to indicate they have not been charged any fee, with the exception of the credit report fee, until they have received an initial TIL disclosure package. See an Example attached.

***Waiting Periods:***

If the initial TIL disclosures were delivered by regular mail, they are considered to be received 3 business days after they are mailed. Additionally, the loan cannot close (document signing) until 7 business days after the initial TIL disclosure has been mailed. If we are not provided evidence of documentation to show the mailing or delivery date we will assume the date the borrower signs the disclosure is the delivery date and closing cannot occur before the 7<sup>th</sup> business day. The business day definition for the purpose of waiting periods is the same as the definition used for rescission, Monday-Saturday excluding legal public holidays.

***Re-Disclosure Requirements:***

If the APR at consummation increases by more than 0.125% (1/8<sup>th</sup> %) from the previously disclosed APR, a re-disclosure TIL must be given. The Broker will be responsible for creating and delivering a revised TIL with a corrected APR and corrected "date prepared" no earlier than the date we informed you of the loan being out of tolerance. One Choice will require evidence that the borrower(s) received new disclosures. Additionally, One Choice will require a re-disclosed 1003 and GFE. The loan cannot close (document signing) until 3 business days after the re-disclosure TIL is received by the borrower. Acceptable documentation or verification of delivery includes:

- Email or Fax – Borrower has certified in writing (email or fax reply) that they received the updated disclosures. One Choice recommends the borrower(s) execute the Email Acknowledgment Form including insert of the corrected APR performed by the borrower(s). See Example attached.
- Overnight Mail – provide evidence of the tracking information that indicates the date the documents were delivered.
- In Person – Borrower signs a copy of the updated disclosures that are provided to us.
- First Class Mail – Considered received by the Borrower three (3) business days after it is mailed, not counting the day the disclosure was put in the mail. A processor's cert on your company's letterhead indicating the date the revised disclosure was mailed to the borrower(s) is required.

If you are required to provide the borrower revised disclosures because the terms of the conditions of the transactions are changing to such a point that the APR will increase by the aforementioned ratio, then you must wait at least 3 business days from the receipt of the corrected disclosures to close the mortgage.

***Waiver of Seven and Three-Day Waiting Periods:***

Consult your One Choice Underwriter to determine eligibility and documentation requirements of requesting a waiver of waiting period. **All decisions by OCM underwriting staff to either grant or deny such waiver request is final; no exceptions!**

***Exclusions:***

These requirements are not applicable to Home Equity Lines of Credit requirements.

If you have any questions, please contact your Account Executive. Thank you.

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