

BULLETIN
Reg Z TIL Changes and
Appraisal Delivery Requirements
7/22/2009 (revised 8/26/09)

In 2008, Federal regulations were passed that would amend the Truth in Lending Act (TIL) implemented through Regulation Z. The intent is to help prevent deceptive lending practices and to improve consumer information.

There are two major impacts of the new regulations:

1. The implementation of waiting periods between disclosure delivery and closing
2. Re-disclosure throughout the processing of the loan each time the APR increases by .125%

The new regulations take effect for all applications taken on or after 7/30/09. To comply with this act, effective with applications received into underwriting 7/30/09 or after, 1AM will issue disclosures on all loans when received in underwriting. All regulatory waiting periods will apply in connection with these re-disclosures.

Key Points:

- ◇ The regulation disallows the collecting of fees prior to the borrower receiving the disclosure and a subsequent waiting period. In order to insure compliance, 1AM will not accept files that reflect the collection of any up front fees by the broker.
- ◇ TIL disclosure are required for all owner occupied and second homes.
- ◇ There will be a waiting period of 7 business days after the mailing of the disclosures by 1AM to the borrower before the loan can close.
- ◇ There will be waiting a waiting period of 7 business days after the mailing of the latest re-disclosure before the loan can close; or a waiting period of 4 business days after e-mail or hand delivery of re-disclosures as evidenced by signed and dated documents from the borrower(s)
- ◇ An increase of more than .125% in the Annual Percentage Rate (APR) from the initial TIL requires the disclosure to be revised and reissued to the borrower. The borrower must receive a revised TIL disclosure at least 3 business days before closing.

APPRAISAL DELIVERY: Appraisals must be received by the borrower a minimum of 3 business days prior to closing. If appraisals are being mailed, a 7 business day waiting period applies, in order to allow for mail time.

Included are three examples to help illustrate the regulatory wait periods. These are provided only for the purposes of illustrating the new disclosure and waiting period requirements.

For questions, please contact your AE



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DISCLOSURE TIMING EXAMPLE

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|---|--|--|--|--|--|--|
| <p><i>This is an example to show regulatory wait periods. Example assumes the use of e-mail for all deliveries and also applies to disclosures delivered and signed face to face. This is not necessarily a true picture of how long it will take to underwrite and close a loan.</i></p> | | | <p>1 1AM receives file for UW Submission and e-mails out disclosures</p> <p>Day 0 for 7 day wait until closing</p> | <p>2 Day 1 (7 day disclosure wait)</p> | <p>3 Day 2 (7 day disclosure wait)</p> | <p>4 Day 3 (7 day disclosure wait)</p> |
| <p>5</p> | <p>6 Day 4 (7 day disclosure wait) Appraisal Received and sent to borrower Day 0 for 3 day appraisal wait</p> | <p>7 Day 5 (7 day disclosure wait) Day 1 for 3 day appraisal wait</p> | <p>8 Day 6 (7 day disclosure wait) Day 2 for 3 day appraisal wait</p> | <p>9 1st day loan can close per the disclosure regulation Day 3 for 3 day appraisal wait</p> | <p>10 1st day loan can close per the HVCC 3 day wait</p> | <p>11</p> |
| <p>12</p> | <p>13 Doc Prep Request received for 16th closing. Fees change and apr changes by more than .125%. Re-disclosure required</p> | <p>14 Day 1 of re-disclosure wait 1st day loan can close per the HVCC 3 day wait</p> | <p>15 Day 2 of re-disclosure wait</p> | <p>16 Day 3 of re-disclosure wait</p> | <p>17 1st day loan can close per APR re-disclosure</p> | <p>18</p> |
| <p>19</p> | <p>20</p> | <p>21</p> | <p>22</p> | <p>23</p> | <p>24</p> | <p>25</p> |
| <p>26</p> | <p>27</p> | <p>28</p> | <p>29</p> | <p>30</p> | <p>31</p> | |



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DISCLOSURE TIMING EXAMPLE

| Sun | Mon | Tue | Wed | Thu | Fri | Sat |
|---|---|---|--|--|---|--|
| <p><i>This is an example to show regulatory wait periods. Example assumes the use of regular mail for all disclosure deliveries and e-mail or hand delivery of appraisal.</i></p> <p><i>This is not necessarily a true picture of how long it will take to underwrite and close a loan.</i></p> | | | <p>1 1AM receives file for UW Submission and mails out disclosures</p> <p>Day 0 for 7 day wait until closing</p> | <p>2 Day 1 (7 day disclosure wait)</p> | <p>3 Day 2 (7 day disclosure wait)</p> | <p>4 Day 3 (7 day disclosure wait)</p> |
| <p>5</p> | <p>6 Day 4 (7 day disclosure wait)</p> <p>Appraisal Received and e-mailed or hand delivered to borrower</p> <p>Day 0 for 3 day appraisal wait</p> | <p>7 Day 5 (7 day disclosure wait)</p> <p>Day 1 for 3 day appraisal wait</p> | <p>8 Day 6 (7 day disclosure wait)</p> <p>Day 2 for 3 day appraisal wait</p> | <p>9 1st day loan can close per the disclosure regulation</p> <p>Day 3 for 3 day appraisal wait</p> | <p>10 1st day loan can close per the HVCC 3 day wait</p> | <p>11</p> |
| <p>12</p> | <p>13 Doc Prep Request received for 16th closing. Fees change and apr changes by more than .125%. Re-disclosure required and mailed.</p> | <p>14 Day 1 of re-disclosure mail wait (3 days mail wait plus 3 days review wait)</p> | <p>15 Day 2 of re-disclosure mail wait</p> | <p>16 Day 3 of re-disclosure mail wait (re-disclosure delivered via regular mail)</p> | <p>17 Day 4 of re-disclosure mail wait</p> | <p>18 Day 5 of re-disclosure mail wait</p> |
| <p>19</p> | <p>20 Day 6 of re-disclosure mail wait</p> | <p>21 1st day loan can close per APR re-disclosure</p> | <p>22</p> | <p>23</p> | <p>24</p> | <p>25</p> |
| <p>26</p> | <p>27</p> | <p>28</p> | <p>29</p> | <p>30</p> | <p>31</p> | |



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| 12 | <p>13 Doc Prep Request received for 16th closing. Fees change and apr changes by more than .125%. Re-disclosure required</p> <p>Day 6 for 7 day appraisal mail wait</p> | <p>14 Day 1 of re-disclosure mail wait (3 days mail wait plus 3 days review wait)</p> <p>1st day loan can close per the HVCC 3 day wait</p> | <p>15 Day 2 of re-disclosure mail wait</p> | <p>16 Day 3 of re-disclosure mail wait</p> | <p>17 Day 4 of re-disclosure mail wait</p> | <p>18 Day 5 of re-disclosure mail wait</p> |
| 19 | <p>20 Day 6 of re-disclosure mail wait</p> | <p>21 1st day loan can close per APR re-disclosure</p> | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |



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