



MDIA FAQ

- How do these new requirements impact applications taken prior to their effective dates?
 - Applications received by USA Direct Funding prior to **July 30, 2009** are not impacted.
- Does the issuance of the initial disclosure, redisclosure and fee collection timing requirements apply to investment properties?
 - No. These requirements only apply to **primary residences** and **second homes**.
- Do the disclosure wait periods begin when the broker provides disclosures or when USA Direct Funding issues disclosures?
 - The disclosure wait periods, both for initial disclosures as well as re-disclosure, begin when USA Direct Funding mails its initial disclosures to the borrower.
- The final TIL must be received 3 business days prior to closing. Is that 3 full days?
 - Three (3) business days for mailing, then three (3) business days for borrower review. Closing can occur on the third business day of the review period.
- What if the borrower adds a home equity loan or line of credit after the initial application? How are disclosures impacted?
 1. Home equity loan: The initial disclosure period starts over and all disclosures must be issued for the home equity loan.
 2. Home equity line of credit: There is no impact.
- How do these new regulations impact escrow states?
 - Brokers doing business in escrow states will need to adapt to the new regulations by providing an initial HUD-1 before closing documents are released. Also, fees can no longer be estimated. If fees change and result in a variance in the APR of more than .125%, it will result in redisclosure of the TIL and could delay the signing/closing date by seven (7) business days.
- Can last minute/rush deals still be accommodated?
 - The minimum number of days to close a transaction is seven (7) business days after mailing of the initial disclosures. However, if APR increases by more than .125%, an updated TIL will be required and will add an additional six (6) business days to the timing.
- Can the credit report fees be collected at the time of preapproval applications?
 - Yes. The credit report fee is the only fee that may be collected at a preapproval.
- How do you know if the initial APR has to be re-disclosed?
 - An APR variation of more than .125% from the initial TIL requires re-disclosure of the new and final APR via the Truth in Lending (TIL) disclosure a minimum of six (6) business days prior to the close date.

- For the purpose of these new disclosure timelines, what is considered a business day? Which holidays will not be included as business days?
 - At USA Direct Funding, all weekdays and Saturdays are considered a business day except for Federal holidays.
- Can broker-paid fees be collected before that time?
 - No. The borrower on the application must have received the initial disclosures before the broker can pay fees on their behalf. USA Direct Funding will lock systems and fee acceptance, but it is up to the broker to ensure that fees are not collected or paid until disclosure receipt.
- What are the federal holidays/legal holidays?
 - The holidays as recognized under 5 U.S.C. § 6103(a) are:
 - New Year's Day, January 1;
 - Birthday of Martin Luther King, Jr., the third Monday in January;
 - Washington's Birthday, the third Monday in February;
 - Memorial Day, the last Monday in May;
 - Independence Day, July 4;
 - Labor Day, the first Monday in September;
 - Columbus Day, the second Monday in October;
 - Veterans Day, November 11;
 - Thanksgiving Day, the fourth Thursday in November; and
 - Christmas Day, December 25.
- How much is the allowable credit report fee?
 - The credit report fee must be **bona fide and reasonable**.

Important to note...

- All TIL disclosures may be provided to consumers in electronic form so long as the consumer consents and other applicable E-SIGN conditions are met.