Rules & Regulations that May Affect Your Mortgage Loan Closing Date

What you need to know when purchasing or refinancing a primary or secondary residence

As part of the Home Ownership and Equity Protection Act (HOEPA) and the Housing and Economic Recovery Act (HERA) passed by Congress in 2008, The Federal Reserve Board has issued new rules and regulations under the Truth in Lending (TIL) Act. Designed to protect consumers when they purchase or refinance their primary residence or a second home, the new regulations provide more information and transparency in real estate transactions.

With mortgage applications as of July 30, 2009, HERA amends the Truth in Lending Act (TIL) with several new regulations including the Mortgage Disclosure Improvement Act (MDIA) regarding early and final disclosures to homebuyers, and spells out what mortgage application fees can be charged and when. These regulations apply to the purchase or refinance of a primary or secondary residence. They do not apply to investment property purchases.

What You Need to Know

☑ **If a homebuyer is financing the property, the new regulatory guidelines could affect the closing date.**

In the past, homebuyers and sellers would mutually agree on an estimated closing date. Lenders, appraisers and others involved in the transaction would work to have everything ready by the chosen date. Now, purchase contracts can still be written with a closing date in mind, but **no closings can take place until at least 7 business days after the homebuyer has been provided with the initial mortgage disclosures from the lender.** Saturdays are considered a business day unless it is a federal holiday.

To keep purchase transactions moving as quickly as possible, CU Members Mortgage now makes disclosures available electronically through our secure website after August 4, 2009. You will be able to download required disclosures from your computer after setting up a security access number. This will save valuable time during the loan process.

☑ **Only the credit report fee can be charged prior to receipt of initial disclosures by the homebuyer.**

Until the homebuyer has received the initial disclosures either electronically or by mail, only the credit report fee can be charged at the time of the mortgage application. Receipt of disclosures is defined as follows:

- **Electronic Delivery:** upon downloading and acknowledgement by the homebuyer from our secure website
- **Regular Mail Delivery:** three business days after mailing
- **Overnight Delivery:** the next business day, excluding Saturday and Sunday
- **Face to Face Application:** Disclosures will be provided at that time and you may immediately collect fees

Following receipt of disclosures as defined above, additional fees may be collected by the Lender the next business day.

☑ **If the Annual Percentage Rate (APR) increases/decreases more than .125% from the initial Truth in Lending Disclosure, then a revised TIL must be sent to the homebuyer.**

If the annual percentage rate increases/decreases by more than .125% from the initial Truth in Lending Disclosure, then a revised TIL must be sent to the homebuyer at least 3 full business days before closing if sent electronically, or at least 6 full business days before closing if sent by regular mail.

CU Members Mortgage will make every effort to ensure the homebuyer's estimated fees are as accurate as possible. However, several things can impact the APR on a loan, including:

What affects the **Annual Percentage Rate** of a mortgage loan?	
	• A change in the loan amount • A change in the type of loan • An unlocked interest rate • A change in the closing date, which affects pre-paid interest • A change in fees, including settlement agent fees

Staying on Schedule for Closing

Most real estate transactions are not scheduled to close within 7 days of application, but rather take 30-45 days from start to finish. Still, homebuyers and all others involved in the transaction can make the process smoother by making sure all required documentation is complete and by accepting electronic disclosures from our secure website rather than using regular mail. Good communication is essential in the event the APR changes during the transaction, since that will likewise change the required delivery of subsequent revised disclosures.

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