



Announcement-Revisions to MDIA 2009-25

As everyone is aware of by now, for applications taken on or after July 31, 2009, some of the provisions to the MDIA have been amended to meet the revised the Truth-in-Lending Act. These are revisions to the original guidelines.

The three key areas of critical importance are:

ProLending is considered the creditor and is therefore responsible for compliance with all MDIA rules.

Fees cannot be collected by either broker or PL until **proof** that the GFE, TIL, RED (Receipt of Early Disclosure) & ARCA (Appraisal Report Credit Authorization Disclosure currently required on Conventional loans only) are signed (received) by borrowers. For MDIA purposes the date borrowers sign these disclosures will determine the "MDIA Application Date".

Remember the 3/7/3 rule:

Initial disclosures are sent within 3 Days of ProLending's Application Date.

A minimum of 7 business days must pass before the Closing Date.

If APR changes, either up or down by .125% you must wait additional 3 days prior to Closing Date.

When does the "Loan Becomes a Loan"?

When **locking, registering** loan to order conventional appraisal or wanting to accept any fees for appraisal other than noncredit report fees or **submitting** loan for underwriting, **whichever comes first----**

- Email loan in FNMA format 3.0 or 3.2 to wholesale@prolendingusa.com.
- Email your GFE, TIL and scratch/initial 1003 and ARCA (ARCA for Conventional only), to wholesale@prolendingusa.com. Include the email addresses of LO and borrower. We expect the Loan Officer to contact borrower to explain the duplication of information and to oversee compliance with the MDIA regulations. If submitting loan for underwriting and have not locked or accepted any fees, it is not necessary to email GFE, TIL or scratch 1003. We will use documentation as submitted in loan file.
- PL will use your fees as disclosed on your GFE to calculate our GFE and TIL.
- PL will email the GFE, TILA & RED disclosures to LO and to borrower. This date will be will be considered the "*PL Application Date*".
- The Borrower must sign these disclosures (GFE, TIL, RAD), **the date borrowers sign these disclosures, will determine the MDIA Application Date**.

- This MDIA application date; will begin the 7/3 day rules as explained above.
- Regardless of whether, you are locking, registering (to order conventional appraisal) or submitting loan for Underwriting, **no appraisal fees may be collected by broker/banker or any third party until PL has disclosed and borrower has signed and dated disclosures.** When in doubt, don't collect any fees or have borrowers "pay at door" for appraisal.
- Signed disclosures do not have to be sent into PL until loan is submitted for underwriting.
- **From the date PL sends disclosures to LO/borrowers, if signed disclosures are not dated within 3 business days of "PL Application" date, loan must be re-disclosed and 7/3 day rules must begin again to be within compliance tolerances.**
- Once loan is submitted to Underwriting if at anytime, APR increases or decreases by .125% PL must redisclose and loan cannot close until additional 3 business days AFTER signed and dated disclosures received and confirmed to meet tolerances.
- Closings cannot be scheduled until confirmation that all disclosure guidelines are within tolerance levels.
- Delivery Method on RAD form will be confirmed to insure dates conform to guidelines, (ie "face to face" may have same date as signed TIL but "mail" could not).