

New federal regulations could affect closing times for your clients.

Thanks to Amy Lafferty (Bank of America Home Loans) for the following information:

Mortgage Disclosure Improvement Act (MDIA)

Amendments to the Truth in Lending Act (TIL) — also known as Regulation Z

These are designed to allow homebuyers adequate time to review specific information related to their loan.

Changes include:

- **Initial TIL disclosure.** A seven-business-day waiting period is now required between the delivery of initial disclosures and the signing of closing documents. This will eliminate the possibility of closing in less than seven business days unless the borrower faces a *bona fide* personal financial emergency.
- **Up-front fee collection.** Up-front fees cannot be charged until after the borrower receives the initial disclosures. If disclosures are mailed, the fee is charged the fourth business day after mailing. If disclosures are hand-delivered, the fee is charged the same day.
- **Rediscovered TIL.** If the interest rate or fees change, causing the APR to increase by more than 0.125% then a revised TIL must be sent to the borrower so that the customer receives it no fewer than three business days prior to closing. Each time the TIL is rediscovered, the waiting period starts over and could affect the original closing date. If the rate is in float status, a rediscovered TIL will not be provided each time there is an APR increase. Rediscovery should be sent, if needed, eight business days before the estimated closing date.

What can we do to ensure timely closings?

Together, we can work to communicate this information, set appropriate expectations, and ensure timely closings for your clients, making sure to:

- Provide timely communications about settlement information to the borrower and escrow
- Encourage borrowers to lock in rates early enough to allow time for rediscovery, if required
- Ensure the accuracy of communications to the borrower regarding any third-party fees that may affect the APR

For more information about these issues please e-mail your question to education@wcrflagler.org



Bank of America 
Home Loans

Amy Lafferty
Mortgage Loan Officer
Bank of America Home Loans