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Sun West MDIA Ready Reckoner

Introduction

Effective July 30, 2009 SWMC follows the Mortgage Disclosure Improvement Act (“MDIA”) regulations. This document illustrates SWMC’s implementation of the MDIA.

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Document Author	SWMC Staff
Subject	Regulation Z – New Early Disclosure Requirements for Closed-end, Dwelling-secured Loans, Effective July 30, 2009
Reference	http://edocket.access.gpo.gov/2009/pdf/E9-11567.pdf

Revision History			
Ver. #	Revised On	Revised By	Revision Summary
1.0	21-Sep-09	Sydney Fernandez	Original Release
1.1	9-Jul-10	Sydney Fernandez	Updated information on Table Funding Transactions Updated e-mail disclosure delivery requirements.
1.2	23-Jun-11	Rohit Agarwal	Change the name from “reverseSoft” to SunSoft”. Change the URL from https://revmort.reversesoftonline.com to www.swmc.com

Before You Begin

1. Loan Origination Types: SWMC strictly enforces the MDIA requirements for retail, wholesale, and closed loans.
2. Borrower: The term “borrower” has been used to represent one or more borrowers and of either gender as may be applicable in a specific loan transaction. In case of multiple borrowers the rule must be fulfilled individually for each borrower.
3. Creditor: The terms “Lender” and “Creditor” have the same meaning.
4. Disclosures: This term is always used to represent the disclosures that the Lender (aka Creditor) provides to the borrower.
5. Business Day: For all practical purposes, SWMC regards all days, except Sundays and Federal holidays to be business days.
6. Executed: The term executed refers to the act of ‘signing’ and ‘dating’ relevant documents.
7. Receipt of Initial/Re Disclosures:

Delivery Method / Disclosure Type	Initial Disclosure	Re-Disclosure
Mail (USPS)	By the third day after the Creditor has mailed out the disclosures	Same as Initial Disclosure
Courier	By the third day after the Creditor has sent out the disclosures via Courier (evidence of delivery does not count)	Evidence of delivery to the Borrower
Hand Delivery	<ul style="list-style-type: none"> - The actual day that the Borrower has received the disclosures (evidenced by the date the borrower executes the disclosures) - In case of multiple borrowers, the date of receipt is the later of all dates that evidence each borrower’s receipt of the disclosures 	Same as Initial Disclosure
E-mail Delivery (Compliant with the e-Sign Act)	Only receipt of the executed documents by the borrower is acceptable evidence of delivery.	

8. Consummation: This term represents the signing of the Closing Documents by the borrower(s).
9. The Initial / Re Disclosures MUST include the following verbiage.
 “You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.”



The TIL generated by RS includes this language. In case of loans from a previous lender, SWMC requires that the previous lender's Initial Disclosures MUST include this language, without which those disclosures would not be accepted.

10. For loans originated by a mortgage broker that closes a federally related mortgage loan in its own name in a table funding transaction, the lender is the person to whom the obligation (aka note) is initially assigned at or after settlement. In this case the originating broker is responsible for the initial disclosures; and not SWMC even though SWMC may be advancing the funds at closing.

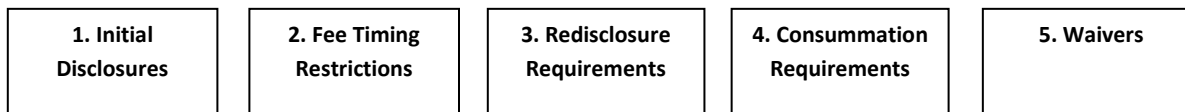
Ref: <http://www.fdic.gov/regulations/laws/rules/6500-2520.html#fdic6500res3500.2>
(Lender means...)

Note: Table Funding is not permitted in the states of California, North Carolina.

Points to be aware of:

1. In cases of non-owner occupied investment properties where the borrower does not intend to live in for more than fourteen days in the coming year, the transaction is classified as a business transaction and may not be subject to the MDIA. Currently, SWMC does not make any such distinction, and may consider this on a case-by-case basis.
2. The MDIA applies only to closed-ended loans. Though HECM ARMs are open-ended loans, it is SWMC's policy to apply the MDIA requirements to HECM ARMs as well. This policy safeguards situations when a borrower may choose to switch from an HECM ARM to a Fixed HECM or vice versa.

The MDIA High Five



1. Initial Disclosures: The MDIA relies on RESPA and Regulation X to ascertain if a Creditor (aka Lender) is in receipt of a written application (via mail / e-mail / hand-delivery / intermediary agent or a broker) which includes a borrower's financial information in anticipation of a credit decision relating to a federally regulated mortgage loan.

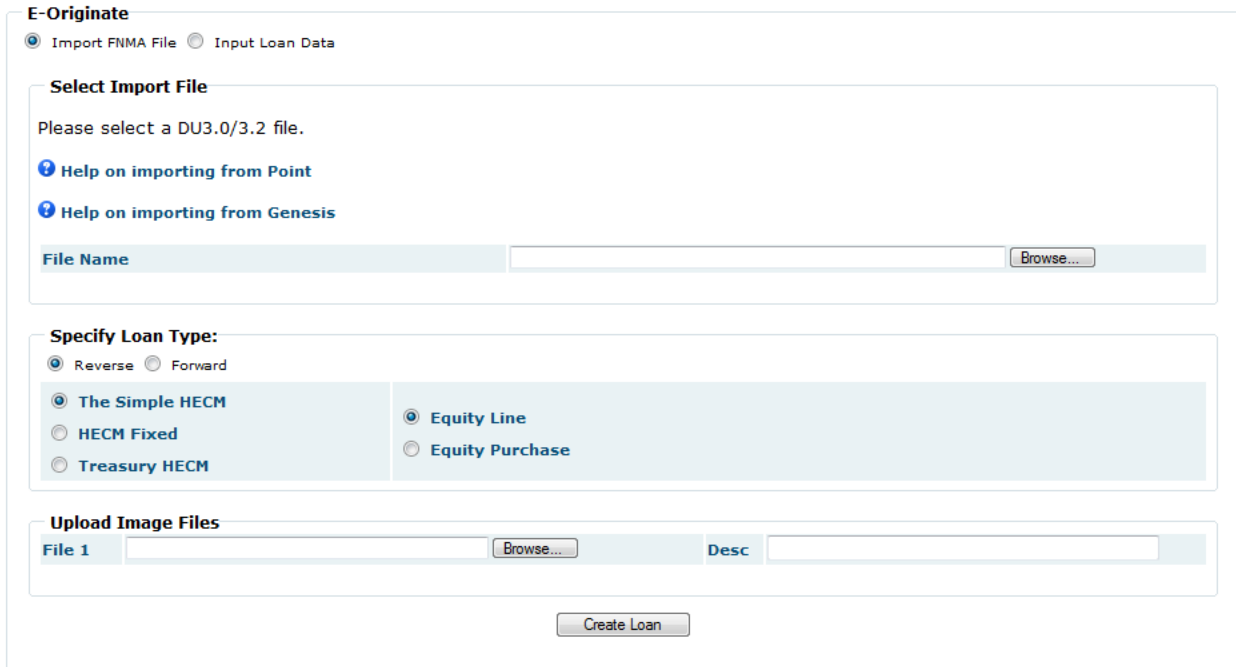
What it means at SWMC:

- Loan Officer / Broker use the E-Origination* feature in SunSoft Online to create a loan in the system.
- Loan # is registered against the Borrower, Property Address, Social Security Number
- GFE and TIL disclosures ("Initial Disclosures") are system generated and sent to the Borrower.
- On a business day, for loans created by 1.59 PM PST (Mon-Fri) the Initial Disclosures are mailed out the same day. If the loan is created at 2.00 PM PST or later that day, the Initial Disclosures are mailed out the next business day. For loans created on Sat/Sun/Federal Holidays, the Initial Disclosures are generated and mailed out the next business day.
- The Initial Disclosures MUST be mailed out within three business days after receipt of the Written Application.
- It may be presumed that the borrower(s) have received the Initial Disclosures by the third business day after they were mailed out. An exception is if the Initial Disclosures have been delivered and executed in person. Evidence of courier delivery is not acceptable and will be considered as if it was mailed.

E-Origination: Creating a loan and generating the GFE and TIL

Step 1: Log into www.swmc.com using your assigned User ID and Password

Step 2: Click on E-Origination on the blue left menu pane to display the “E-Originate” screen



E-Originate

Import FNMA File Input Loan Data

Select Import File

Please select a DU3.0/3.2 file.

[Help on importing from Point](#)

[Help on importing from Genesis](#)

File Name

Specify Loan Type:

Reverse Forward

The Simple HECM Equity Line

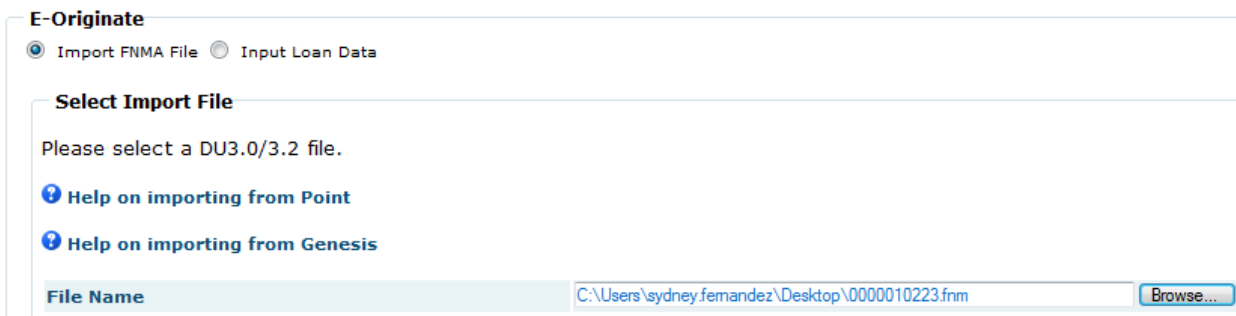
HECM Fixed Equity Purchase

Treasury HECM

Upload Image Files

File 1 Desc

Step 3: If you have a FNMA file, use the “File Name” – “Browse...” button to locate the FNMA file on your computer.



E-Originate

Import FNMA File Input Loan Data

Select Import File

Please select a DU3.0/3.2 file.

[Help on importing from Point](#)

[Help on importing from Genesis](#)

File Name

If you do NOT have a FNMA file, click the “Input Loan Data” option. The screen will allow you to enter basic loan data information such as the Borrower’s name, Date of Birth, and Property Address.

E-Originate

Import FNMA File Input Loan Data

Input Loan Data

First*/Middle/Last Name*	JOHN	DOE
Street Address*	TEST STREET	
ZIP*/City*/State*/County*	33458	JUPITER FL PALM BEACH

Step 4: Specify the Loan Type as a Reverse Mortgage or a Forward Mortgage. Additionally, you can select the appropriate loan programs available from the options provided.

Specify Loan Type:

Reverse Forward

<input type="radio"/> FHA Purchase	<input type="radio"/> Cash Out
<input checked="" type="radio"/> FHA Refi	<input checked="" type="radio"/> Rate & Term
<input type="radio"/> VA Purchase	<input type="radio"/> Streamline
<input type="radio"/> VA Refi	
<input type="radio"/> Conventional Purchase	
<input type="radio"/> Conventional Refi	

Step 5: You can also upload any documentation that you currently have for the Borrower, such as the 1003. Under “Upload Image Files” click “Browse...”, select a PDF file from your computer and enter a description in the “Desc” field.

Upload Image Files		
File 1	C:\Users\sydney.fernandez\Documents\200906051218; Browse...	Desc INITIAL APPLICATION
File 2	Browse...	Desc

Create Loan

Step 6: Click the “Create Loan” button to register your loan with SWMC. A confirmation screen is displayed as follows.

Congratulations! The loan was successfully created and submitted to Loanboarding.

Please use the loan number, **109264010400**, for future reference

Back To Pipeline

Step 7: Click on the “Back To Pipeline” screen and click on the Loan Number in your Default Pipeline to display the Good Faith Estimate (“GFE”) screen for the loan.

Pipeline

Search Loan

Loan Number Search Reverse Loans Search Forward Loans Both

Show/Hide Advanced Search

To view your pipeline, please click on Default Pipeline button

Loan Type	Loan Number	Borrower Name	Create Date	Loan Status	Follow-up Date	Appraisal Ordered Date	AR D
Forward	109264010400	JOHN, DOE	09/21/2009	Open			
Forward	109264009700	TEST, TEST	09/21/2009	Open			

Step 8: You can now review and update the fees on the GFE in this screen. Click "Save" to ensure that all edits have been saved.

Note: Clicking the "Add New Fee" button prompts you for the type of "Fee No", a descriptive "Note", the "Fee Percent" and/or "Fee Amount", and the amount "Paid in Advance, if any. The "Total Fee Amount" is automatically calculated as a sum of the Fee Percent and the Fee Amount.

PLEASE NOTE THAT THE BROKER IS RESPONSIBLE FOR ENTERING THE CORRECT FEES IN THE GFE.

Refi Wholesale FHA Front: 0.0000% Back: 0.0000% LTV: 95.0100% CLTV: 0.0000% BASE LTV: 0.0000%

 [TILA/Redisclosure Kit](#)

HUD 1 No.†	Fee Description and Notes	Fee Amount	Fee Percent	Total Fee Amount	Lender Paid	Paid By	Cash In Advance	ReCalc <input type="checkbox"/>
801	Loan Origination Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
802	Discount Points	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
803	Appraisal	\$450.00	0.0000	\$450.00		Borrower	\$0.00	<input type="checkbox"/>
804	Credit Report	\$55.00	0.0000	\$55.00		Borrower	\$0.00	<input type="checkbox"/>
809	Flood Report Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
810	Processing Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
812	Underwriting Fee	\$945.00	0.0000	\$945.00		Borrower	\$0.00	<input type="checkbox"/>
812	Service Release Premium			\$0.00	\$0.00	Lender	\$0.00	<input type="checkbox"/>
812	Application Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
902	Fha Upfront Mip Premium	\$875.00	0.0000	\$875.00		Borrower	\$0.00	<input type="checkbox"/>
1101	Escrow Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
1106	Notary Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
1107	Attorney Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
1108	Title Insurance Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
1112	Sub Escrow Fee	\$0.00	0.0000	\$0.00		Borrower	\$0.00	<input type="checkbox"/>
1114	Signing Fee	\$200.00	0.0000	\$200.00		Borrower	\$0.00	<input type="checkbox"/>
1201	Recording Fee	\$40.00	0.0000	\$40.00		Borrower	\$0.00	<input type="checkbox"/>



Click the "[TILA/Redisclosure Kit](#)" link to open the Initial Disclosure package in Adobe® Acrobat reader. PLEASE ENSURE THAT YOU REVIEW THE INITIAL DISCLOSURES TO REFLECT THE CORRECT FEES PRIOR TO PROVIDING IT TO THE BORROWER.

Step 9: On the blue left menu pane, click on the Loan Docs link to display the below screen. Save the GFE and TIL dates, and click on "Mail Disclosures" button. SWMC will generate the disclosures for you and mail them either the same day (for requests received by 1.59 PM PST Mon-Fri) or the next business day (for requests received after 1.59 PM PST or all day on Sat/Sun/Federal Holidays). Once the "Mail Disclosures" button is clicked, the button will be disabled and the "Initial Application Sent Date:" field will be automatically set.

NOTE: UNLESS THE "MAIL DISCLOSURES" BUTTON IS CLICKED, SWMC WILL NOT MAIL OUT THE DISCLOSURES.

[Loan Docs](#)

Please specify the closing document(s) and click the "Print" button:

Initial Application Sent Date :	
Initial GFE/TIL Received/Executed Date :	
Earliest Closing Date :	
<input type="button" value="Mail Disclosures"/>	

Good Faith Estimate Date (MM/dd/yyyy)	<input type="text"/>	
Truth In Lending Date (MM/dd/yyyy)	<input type="text"/>	
<input type="button" value="Save Dates"/>		

2. Initial Fees: Except for a reasonable Credit Report fee, SWMC expects that no other fee be charged or **imposed** on the borrower until the borrower have either received (via mail) or signed the Creditor's initial disclosures. This also implies that no services (such as Appraisal and Broker Fees) may be ordered till such time.

What it means at SWMC:

- The Broker may order the appraisal (and any other such services) the day after it may be presumed that the borrower has received the Lender's Initial Disclosures. The exception to this is, if the Initial Disclosures have been executed then the appraisal may be ordered thereafter on the same day.
 - In case the loan is being transferred from a previous lender, the loan should have been MDIA compliant with that lender as evidenced by the dated disclosures (mailed/executed) and appraisal (or other such service). Additionally, the new lender may not charge/impose any additional fee until the borrower has received the Initial Disclosures.
 - Apart from the allowed Credit Report fee, no other fee may be **imposed** on the borrower. Placing an order for a service in advance of the three business day waiting period is considered an imposition of the fee on the borrower; irrespective of who is scheduled to pay for it.
 - Currently, the law does not provide for a resolution if a loan is not compliant with MDIA requirements. Hence, in the interest of the borrower and in the spirit of this regulation, SWMC, apart from redisclosing to the borrower, also ensures that either the Borrower is not charged for any such services; or if they have already been paid for they are refunded to the borrower. Accordingly, a condition may be raised and any refunds must be resolved PTD.
3. Redisclosing: An increase, in the APR by 0.125% or an increase of \$ 100 or more in the Closing Costs, from what was **last** disclosed to the borrower, will require that the creditor redisclose the new GFE and TIL to the borrower and allow the borrower at least three business days after they have received or signed the re-disclosures, before the loan may be closed. The Creditor may rely on the actual delivery as evidenced by e-mail (compliant with the e-sign act), courier or personal delivery to determine the beginning of the three business day waiting period.

What it means at SWMC:

- In case of an increase in the APR of 0.125% or more and/or an increase in APR Closing Costs by \$ 100 or more ("tolerance") a re-disclosure is triggered. Just as in the case of the Initial Disclosures, SWMC mails out the re-disclosures, depending on when the change was triggered, either the same day or the next business day.
- SWMC mails out the re-disclosures once everyday, if the APR and/or fees have increased as described above. In this case, it is possible that the borrower may receive multiple disclosures throughout the loan process until closing. The Broker/Creditor must keep the



borrower informed of this and let them know that federal regulations require the creditor to keep them informed of such changes, however minor they may be.

- Any other change in the terms of the loan must be disclosed to the borrower no later than at consummation of the loan.
4. Consummation of the Loan: The Creditor may not consummate the loan any earlier than seven business days, after the initial disclosures have been mailed to the borrower(s). Additionally, in case the loan terms need to be re-disclosed to the borrower, the loan may be consummated the later of the three business day re-disclosure period or this seven business day disclosure period.

What it means at SWMC:

- In case the APR and/or the Closing Costs have not increased over the tolerance, the earliest that a loan may be consummated is the seventh business day after the Initial Disclosures were mailed.
- In case of a re-disclosure, the earliest that the borrower may consummate the loan is the later of (a) the seventh business day after the **initial disclosures** were **mailed** or (b) the third business day after the **re-disclosures** were **received** by the borrower.

Note: In case of re-disclosures, the MDIA requires a cooling off period between the time that the borrower receives the package and the time that they may be scheduled to sign the closing documents.

5. Waivers: Borrower(s) may choose to waive both the three business day and seven business day waiting period in case of an emergency.

What it means at SWMC:

- As a policy, consistent with investors, SWMC will NOT grant this waiver.

MDIA Scenarios

JUNE 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

- A. Loan is created on Mon, Jun 1 at 10 AM PST:
- a. the Initial Disclosures are mailed out the same evening PST
 - b. the latest date by which the Initial Disclosures **MUST** be mailed out is Thu, Jun 4
 - c. it may be presumed that the borrower has received the initial disclosures by Thu, Jun 4
 - d. the broker may order the appraisal on or after Fri, Jun 5
 - e. the earliest date that the loan may be consummated is Tue, Jun 9.

In case the loan requires to be re-disclosed; and the re-disclosures are personally delivered to the borrower on Fri, Jun 5:

- the loan may still be consummated on Tue, Jun 9; as the third business day after re-disclosure and the seventh business day after the initial disclosures were mailed falls on the same date – Tue, Jun 9.

In case the loan requires to be re-disclosed; and the re-disclosures are mailed to the borrower on Fri, Jun 5:

- it may be presumed that the borrower receives them by Tue, Jun 9 and the loan may be consummated on the third business day thereafter, i.e. on Fri, Jun 12

- B. Loan is created on Mon, Jun 1 at 2.30 PM PST:
- a. the Initial Disclosures are mailed out the next business day, i.e. Tue, June 2
 - b. it may be presumed that the borrower has received the initial disclosures by Fri, Jun 5
 - c. the broker may order the appraisal on or after Sat, Jun 6 (or Mon, Jun 8 which would typically be the next business day)



- d. the latest date by which the Initial Disclosures MUST be mailed out is Thu, Jun 4
- e. the earliest date that the loan may be consummated is Wed, Jun 10.

In case the loan requires to be re-disclosed; and the re-disclosures are personally delivered to the borrower on Mon, Jun 8:

- the loan may be consummated on Thu, Jun 11, i.e. the later of the third business day after re-disclosure (Thu, Jun 11) and the seventh business day after the initial disclosures were mailed out (Wed, Jun 10).

In case the loan requires to be re-disclosed; and the re-disclosures are mailed to the borrower on Mon, Jun 8:

- it may be presumed that the borrower receives them by Thu, Jun 11 and the loan may be consummated on the third business thereafter, i.e. on Mon, Jun 15.

C. Loan is created on Fri, Jun 5 at 10.00 AM PST:

- a. the Initial Disclosures are executed the same day, i.e. Fri, Jun 5.
- b. the broker may order the appraisal immediately thereafter on the same day, i.e. Fri, Jun 5.
- c. the earliest date that the loan may be consummated is Mon, Jun 15 (seven business days since Fri, Jun 5).

D. Loan is created on Sat, Jun 6 at 3.00 PM PST (or any other time on this day or on Sunday):

- a. the Initial Disclosures are executed the next business day, i.e. Mon, June 8
- b. the broker may order the appraisal immediately thereafter on Mon, Jun 8
- c. the latest date by which the Initial Disclosures MUST be mailed out is Wed, Jun 10
- d. the earliest date that the loan may be consummated is Tue, Jun 16.

FAQs

1. The Borrower has obtained HECM Counseling prior to receiving the Initial Disclosures. Is this a service that can be ordered for and/or paid for prior to the Initial Disclosures being received by the borrower?
A: HECM Counseling is a borrower-initiated service and hence it does not come under the MDIA fee timing restrictions.
2. Can a borrower obtain a Home Inspection before receiving disclosures?
A: As long as the borrower orders a home inspection of their own will (and not guided by the Loan Officer in any way) in order to make a decision on making an offer on a property, it is fine.
3. Is it acceptable if the Broker has used their own GFE/TIL?
A: No. MDIA puts the responsibility of Initial Disclosures on the Lender. Broker MUST provide only Lender-generated Disclosures.
4. Broker transfers a loan from another lender that ensured that the loan was in compliance with the MDIA. Can the new lender order services right away?
A: No. Apart from requiring that the loan was MDIA compliant with the previous lender, the new lender may not order any additional services until the borrower has received the “Initial Disclosures” from the new lender. Effectively, services such as the Flood Report may not be ordered till such time.
5. What do I, as an SWMC Underwriter, check for in case of non-delegated partners (i.e. where the partner Originates and Processes, SWMC Underwrites, and Funds the loan)
A: The partner MUST adhere to the MDIA regulations. As an UW you must ensure that the partner is in compliance.