



# **MORTGAGE DISCLOSURE IMPROVEMENT ACT POLICY**

Version 1.9

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## About this document

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

## Approval

This policy has been reviewed and approved by the Senior Management of Sun West Mortgage Company, Inc. on 09/21/2009. Details of any ongoing review and/or updates are as follows:

Revision Date	Version History	Revisions	Revised By	Approved by Senior Management
09/21/2009	1.0	Original Release	Sydney Fernandez	Yes
07/09/2010	1.1	- Updated information on Table Funding Transactions. - Updated e-mail disclosure delivery requirements.	Sydney Fernandez	Yes
06/23/2011	1.2	- Changed the name from "reverseSoft" to "SunSoft". - Changed the URL from <a href="https://revmort.reversesoftonline.com">https://revmort.reversesoftonline.com</a> to <a href="http://www.swmc.com">www.swmc.com</a>	Rohit Agarwal	Yes
12/01/2011	1.3	No revisions	KB Team	Yes
06/01/2012	1.4	No revisions	KB Team	Yes
12/01/2012	1.5	No revisions	KB Team	Yes
06/01/2013	1.6	No revisions	KB Team	Yes
10/06/2013	1.7	- Name changed from "RS" to "SunSoft". - Changed the snapshots for "E-Originating: Creating a loan and generating the GFE and TIL" section. - Table funding section removed.	KB Team	Yes

05/09/2017	1.8	Applicability changed to only Non-TRID loans.	Antonio Valiente	Yes
10/05/2018	1.9	<ul style="list-style-type: none"> <li>-Annual review of company policy is completed.</li> <li>-For email delivery, if borrower has viewed the documents as verified from electronic envelope history, it is acceptable as evidence of delivery.</li> <li>- References of borrower's intent to proceed is added in all applicable places.</li> <li>- Disclosures are provided within three business days and not on the same day when loan is created.</li> <li>- Sunsoft images are updated</li> <li>- Clarification is made that Initial Disclosures must be mailed out within three business days after receipt of application package.</li> <li>- Clarification regarding waiver of three and seven day waiting period is added.</li> </ul>	Antonio Valiente	Yes
<b>Next formal review due date: May 2019</b>				

## 1.0 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:

<b>Delivery Method / Disclosure Type</b>	<b>Initial Disclosure</b>	<b>Re-Disclosure</b>
<b>Mail (USPS)</b>	By the third day after the Creditor has mailed out the disclosures	Same as Initial Disclosure
<b>Courier</b>	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
<b>Hand Delivery</b>	<ul style="list-style-type: none"> <li>- The actual day that the Borrower has received the disclosures (evidenced by the date the borrower executes the disclosures)</li> <li>- In case of multiple borrowers, the date of receipt is the later of all dates that evidence each borrower’s receipt of the disclosures</li> </ul>	Same as Initial Disclosure
<b>E-mail Delivery (Compliant with the e-Sign Act)</b>	If borrower has viewed the documents as verified from electronic envelope history, it is acceptable as 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 SunSoft 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.

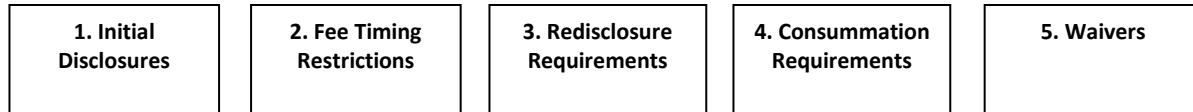
### **1.1 Points to be aware of**

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.

### **1.2 Important Note:**

This policy is applicable only for Non-TRID loans. For loans where TRID applies, please refer to TRID policy.

## 2.0 The MDIA High Five



### 2.1 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.
- For Retails loans, disclosures are issued within three (3) business days of application date. for Wholesale loans, they are sent within three (3) business days of complete submission date.
- The Initial Disclosures must be mailed out within three business days after receipt of the Written Application or receipt of complete application package.
- 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.

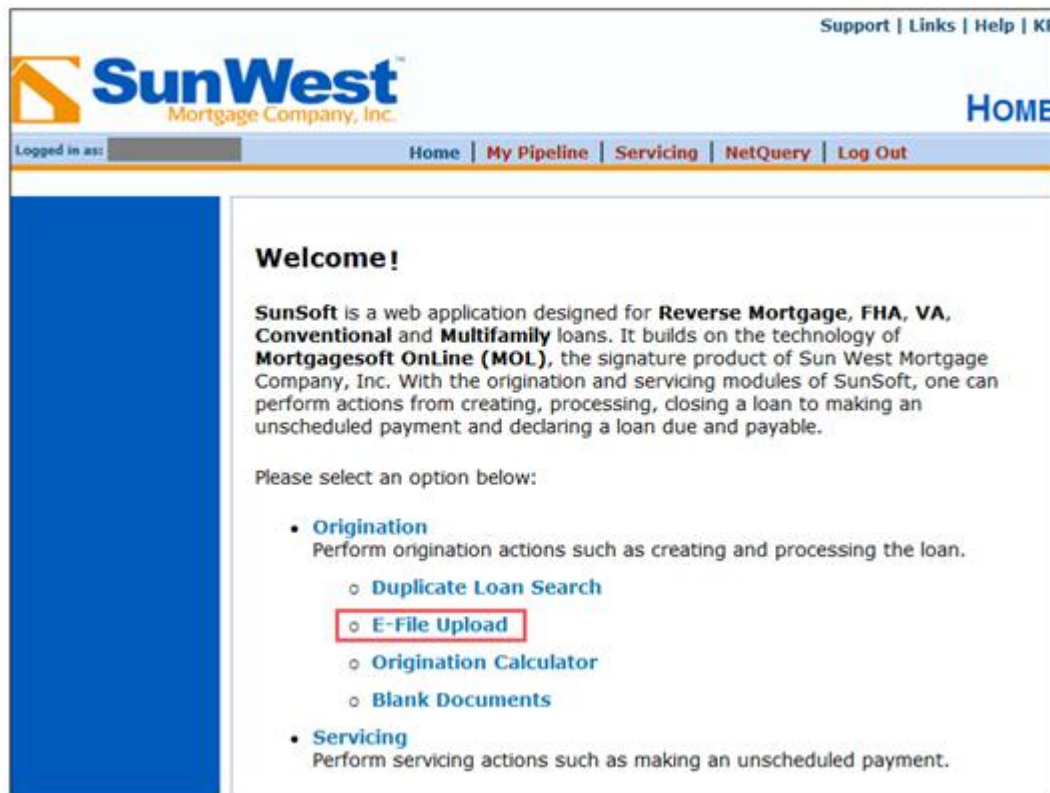
#### 2.1.1 Creating a loan and generating GFE and TIL



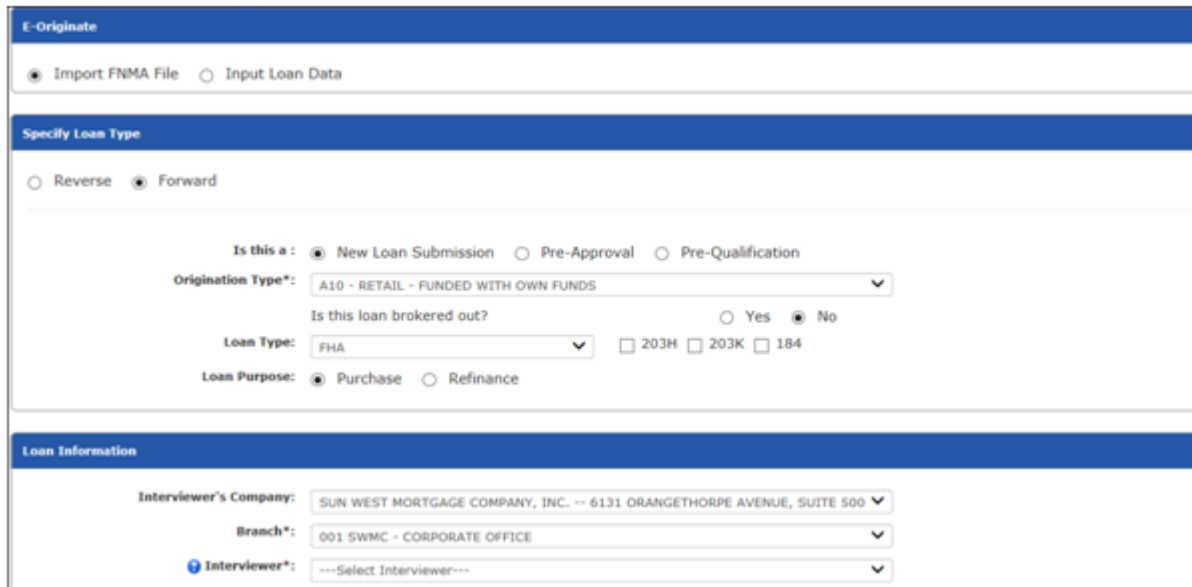
Step 1: Go to [www.swmc.com](http://www.swmc.com) and log-in using your assigned User ID and Password.



Step 2: Click on E-File Upload as shown in following snapshot:



Step 3: This will open "E-Originate" screen:



**E-Originate**

Import FNMA File    Input Loan Data

---

**Specify Loan Type**

Reverse    Forward

Is this a :  New Loan Submission    Pre-Approval    Pre-Qualification

Origination Type\*: A10 - RETAIL - FUNDED WITH OWN FUNDS

Is this loan brokered out?    Yes    No

Loan Type: FHA    203H    203K    184

Loan Purpose:  Purchase    Refinance

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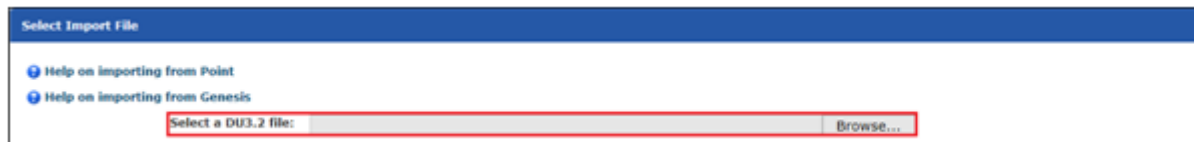
**Loan Information**

Interviewer's Company: SUN WEST MORTGAGE COMPANY, INC. -- 6131 ORANGETHORPE AVENUE, SUITE 500

Branch\*: 001 SWMC - CORPORATE OFFICE

Interviewer\*: ---Select Interviewer---

Step 4: If you have an FNMA file, use the “File Name” – “Browse...” button to locate the FNMA file on your computer.



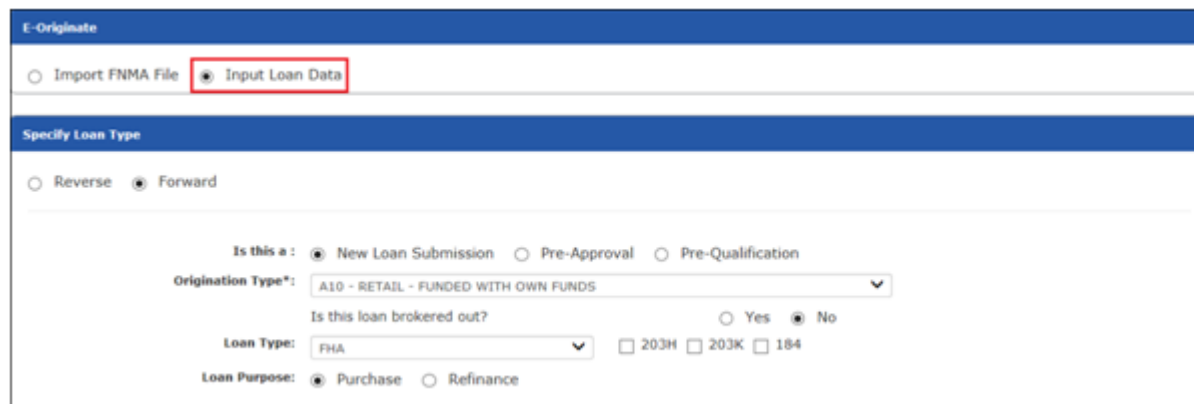
**Select Import File**

[Help on importing from Point](#)

[Help on importing from Genesis](#)

Select a DU3.2 file:

If you do not have an 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

---

**Specify Loan Type**

Reverse    Forward

Is this a :  New Loan Submission    Pre-Approval    Pre-Qualification

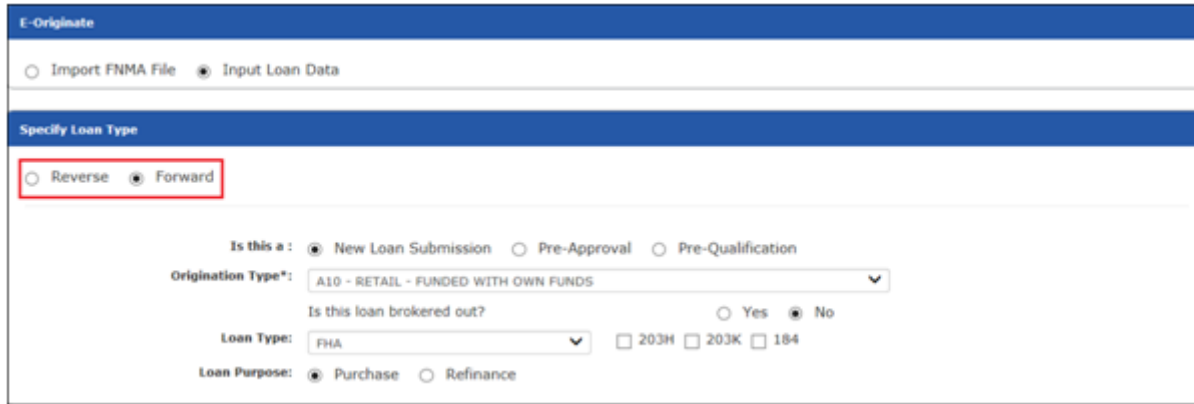
Origination Type\*: A10 - RETAIL - FUNDED WITH OWN FUNDS

Is this loan brokered out?    Yes    No

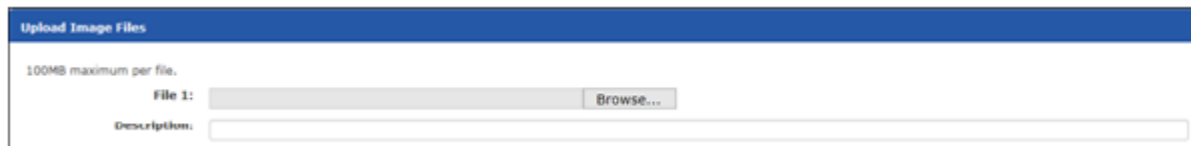
Loan Type: FHA    203H    203K    184

Loan Purpose:  Purchase    Refinance

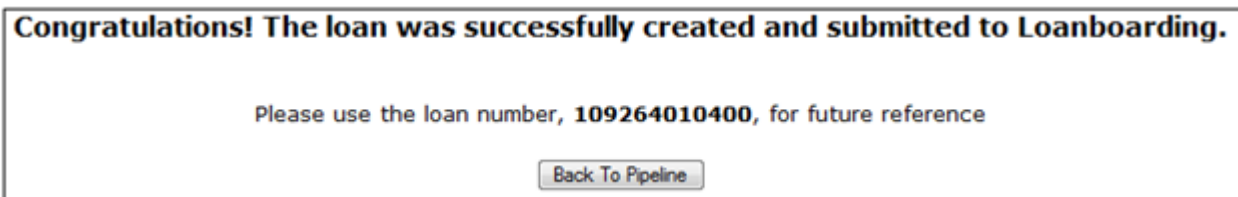
Step 5: Specify the Loan Type as a Reverse Mortgage or a Forward Mortgage. Additionally, you can select the appropriate loan programs available from the options provided.



Step 6: 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 "Description" field.



Step 7: Click the "Create Loan" button to register your loan with SWMC. A confirmation screen is displayed as follows.



Step 8: 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	Appraisal Date
Forward	109264010400	JOHN, DOE	09/21/2009	Open			
Forward	109264009700	TEST, TEST	09/21/2009	Open			

Step 9: 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.

Note: Broker is responsible for entering the correct fees in the GFE.

Overview | Last Disclosed Values | Change Circumstances(x)

**Summary**

Origination Compensation:  Borrower Paid  Lender Paid

APOR: 0

Par Rate: 0

Excludable Discount Points: 0

Includable Discount Points: 0

**Fees**

Description	Amount	Cash in advance	Last disclosed Amount	Lender Paid	Info Item	APR	Recalc	Status
Pha Upfront Hip Premium	\$6,500.00	\$0.00	\$0.00		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Loan Origination Fee	\$5,250.00	\$0.00	\$0.00		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Title Insurance Fee	\$844.00	\$0.00	\$0.00		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Escrow Fee	\$500.00	\$0.00	\$0.00		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Appraisal	\$0.00	\$375.00	\$0.00		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Notary Fee	\$150.00	\$0.00	\$0.00		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Document Prep Fee	\$125.00	\$0.00	\$0.00		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Click the [“TILA/Redisclosure Kit”](#) link to open the Initial Disclosure package in Adobe® Acrobat reader. Ensure that you review the initial disclosures to reflect the correct fees prior to providing it to the borrower.

Step 10: 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 “Request E-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
Bay Docs

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

Interview/Application Date	<input type="text" value="01/02/2018"/>	📅
Good Faith Estimate/LE Issue Date	<input type="text" value="08/07/2018"/>	📅
Truth In Lending Date	<input type="text" value="08/07/2018"/>	📅
Re-disclosed Good Faith Estimate/LE Issue Date	<input type="text" value="mm/dd/yyyy hh:mm:ss"/>	📅
Redisclosure Mailed Date (MM/dd/yyyy)	<input type="text" value="mm/dd/yyyy"/>	📅
Initial App/Disclosure Kit Sent Date :		
Initial App/Disclosure Kit Received Date :		
Earliest Closing Date :		

E-Disclosure Date :

**Important Dates on GFE**

Interest Rate Available Through	<input type="text" value="mm/dd/yyyy hh:mm:ss"/>	📅
Settlement Charges Available Through	<input type="text" value="mm/dd/yyyy"/>	📅
Days Before Settlement Interest Rate Must Be Locked	<input type="text" value="5"/>	

## 2.2 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 and indicated an intent to proceed. 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 and indicated to proceed with the transaction. 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 and indicated an intent to proceed.
- 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.

### **2.3 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 every day 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.

## 2.4 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.

## 2.5 Waivers

Borrower(s) may choose to waive both the three (3) business days and seven (7) business days waiting period in case of an emergency.

### What it means at SWMC:

- As a policy, consistent with investors, and as a general rule SWMC will not grant this waiver except by a borrower demonstrating extenuating circumstances that are to be reviewed by compliance officer and/or management. Any consideration for exception remains at the absolute discretion of SWMC.

### 3.0 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 Sat, Jun 13 (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.

## 4.0 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 and indicated an intent to proceed. 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.