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#### **OVERVIEW**

Franklin American Mortgage Company (FAMC) purchases loans that are in compliance with the requirements of the Truth in Lending Act (TILA). This is applicable to all real estate secured transactions.

The Truth in Lending Act (TILA) is regulated by the Consumer Financial Protection Bureau. The majority of requirements imposed by TILA are found in Regulation Z. It was enacted to promote the informed use of consumer credit by requiring consistent disclosures about the terms and costs. The applicant is provided with clear information to compare the cost of obtaining credit. All creditors are required to use the same credit terminology and expressions of rates/terms.

Franklin American Mortgage Company's TILA chapter addresses:

- High Cost Loans Section 32 mortgages;
- Higher Priced Mortgage Loans (HPML's) Section 35 mortgages;
- TILA- Mortgage Disclosure Improvement Act
- Finance Charges;
- Loan Estimate (LE);
- Closing Disclosure (CD);
- Closing Disclosure (CD)- Tolerance;
- Adjustable Rate Mortgages ARM's;
- Right to Cancel (Rescission); and
- Disclosure Chart

#### TRUTH IN LENDING REQUIREMENTS

Regulation Z categorizes loans secured by principal dwellings into three (3) categories, each with specific limitations and requirements:

- Standard and Adjustable Rate Loans;
- The Home Ownership and Equity Protection Act (HOEPA), also known as Section 32 loans; and
- Higher Priced Mortgage Loans, also known as Section 35 mortgages.

In addition to providing a uniform system for disclosures, TILA is designed to provide:

- Limitations on home equity lines of credit and certain closed-end home mortgages;
- Guidance on mortgage insurance premiums;
- Rescission rights; and
- Protection against inaccurate and unfair credit billing and credit card practices.

#### High Cost Loans – Home Ownership and Equity Protection Act (HOEPA) – Section 32

Federal regulation of High Cost Loans falls under HOEPA, enacted in 1994. It amends the Truth in Lending Act and establishes requirements for certain loans with higher rates and/or fees. The rules for these loans are contained in Section §1026.32 of Regulation Z. (These loans are also referred to as "Section 32 Mortgages.")





For initial 1003 applications accepted prior to January 10, 2014, the following transactions and loan types do not apply to Section 32 Mortgages:

- Purchase money transactions;
- Non-owner occupied properties (rental/investment);
- · Open-end credit transactions (HELOC's); and
- Reverse mortgage transactions.

In January 2013, the Consumer Financial Protection Bureau (CFPB) issued a rule that amends Regulation Z, which expands the coverage of Section 32 Mortgages to purchase money and HELOC transactions. Effective on initial 1003 applications taken on or after January 10, 2014, the following transactions and loan types do not apply to Section 32 Mortgages:

- Non-owner occupied properties (rental/investment); and
- Reverse mortgage transactions.

NOTE: FAMC will not purchase any loan that meets or exceeds the Section 32 fee as described below, regardless of occupancy type or transaction type.

#### **Thresholds**

To determine if a loan qualifies as a Section 32 mortgage, the transaction must be secured by the applicant's principal dwelling and exceed the Annual Percentage Rate (APR) and/or fee thresholds.

#### Annual Percentage Rate (APR) Threshold

The APR exceeds by more than eight percent (8%) the yield for the Treasury Security with the same maturity as the term of the loan for first mortgage liens or, ten percent (10%) of the yield for the Treasury Security with the same maturity as the term of the loan for subordinate mortgage liens.

The threshold is based on the Treasury Security yield for like maturities in effect on the fifteenth day of the month proceeding the date the loan application is received by the lender of record. The Treasury Security yield can be found at <a href="https://www.federalreserve.gov/releases/H15">www.federalreserve.gov/releases/H15</a>.

As part of the new rule issued by the CFPB amending Regulation Z, there will be amendments made to the APR thresholds and APR definition for the purposes of HOEPA. The following changes will be effective on initial 1003 applications taken on or after January 10, 2014:

- Amends the Annual Percentage Rate (APR) high-cost coverage test to compare the APR against
  the Average Prime Offer Rate (APOR) on the date the interest rate is set. A transaction is a highcost mortgage loan if its APR is higher than:
  - First Lien Transactions (generally) 6.5% above APOR;
  - First Lien Transactions less than \$50,000 and Secured by Personal Property 8.5% above APOR;
  - Second Lien Transactions 8.5% above APOR.





- For Fixed Rate transactions: The APR is the same as is disclosed on the Final Closing Disclosure (CD).
- For ARMs: When determining the APR, use the higher of the initial rate or fully indexed rate (index plus margin) at the time the borrower locks the rate. (This may be different than the APR on the Closing Disclosure.

#### Fee Threshold

The total of the lender, affiliate, broker, and other defined fees exceeds eight percent (8%) of the correct Amount Financed as stated on the Closing Disclosure.

Additionally, the new rule issued by the CFPB amends the fee threshold for Section 32 mortgages. The following amendments will be effective on initial 1003 applications taken on or after January 10, 2014:

- Points and fees for HOEPA coverage are calculated using the same general approach for calculating points and fees for qualified mortgages under the Bureau's Ability to Repay/Qualified Mortgage Standards under the TILA.
- A transaction is a high-cost mortgage loan if its points and fees exceeded the set HOEPA threshold. The updated figures are published each year in the commentary to Regulation Z. (Truth in Lending [Regulation Z] Annual Threshold Adjustments)

In addition to HOEPA, numerous states have high cost regulations. It is FAMC does not knowingly purchase any loan that meets an Agency, state or federal definition of a high cost loan. Each loan must pass all applicable high-cost tests before being purchased.

All correspondent lenders are responsible for knowing all Agency, federal and state specific regulations related to high cost/high fee loans. They are urged to consult with their legal counsel for further information, interpretation and/or related Agency, federal, state, and jurisdictional requirements.

A high cost loan is ineligible for sale to FAMC regardless of state anti - predatory lending cure provisions. (FNMA announcement 06-04 and Freddie Industry Letter re: Anti-Predatory Lending requirements state these loans are not eligible for sale and are subject to repurchase regardless of lender holding a state or federal charter and regardless of any attempt to cure.)

#### **Higher Priced Mortgage Loans (HPML)**

Effective October 1, 2009, the Federal Reserve Board created a new category of "Higher Priced" mortgage loans under Regulation Z, Section §1026.35. Refer to the <u>TILA - Higher Priced Mortgage Loans</u> (HPML) chapter for further information.

#### Mortgage Disclosure Improvement Act (MDIA)

Enacted in July 2008 as an amendment to TILA, the Mortgage Disclosure Improvement Act is part of the Housing and Economic Recovery Act (HERA), which revised the disclosure and timing requirements for mortgage loans. Refer to the <u>TILA - Mortgage Disclosure Improvement Act (MDIA)</u> chapter for further information.





### TILA- RESPA INTEGRATED DISCLOSURES (TRID) RULE

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) directed the Consumer Financial Protection Bureau (CFPB) to integrate the mortgage loan disclosures under TILA and RESPA Sections 4 and 5. The CFPB finalized the rule and disclosures on December 23, 2013, and issued amended rules on January 20, 2015 and August 11, 2017. Refer to the TILA-RESPA Integrated Disclosures (TRID) chapter for further information.

#### **Finance Charges**

The Finance Charge is the cost of consumer credit as a dollar amount. It includes any charge payable directly by the applicant and imposed directly or indirectly by the lender as an incident to, or a condition of, the extension of credit. It does not include any charge of a type payable in a comparable cash transaction.

FAMC publishes a list of the most common fees which are considered finance charges for determination of the Amount Financed on the Closing Disclosure. The list of fees can be found in the APR Finance Charge Matrix. These fees are considered finance charges unless specifically excluded by Regulation Z.

NOTE: The list is not all inclusive or legal advice. It should be used as a guide for determining prepaid finance charges.

Any fee that is not documented on the <u>APR Finance Charge Matrix</u> should be considered a Finance Charge unless evidence, such as an invoice with a clear description of services, is provided and the fee is similar to a Matrix documented fee that is not considered a finance charge.

Attorney's fees without a specific description describing the individual services provided will always be included in the Finance Charge. When specifics are provided via an addendum or attachment to the Closing Disclosure, the portion allocated to the loan closing is a Finance Charge. Any portions allocated to title review, exam, or preparing loan documents will not be considered finance charges. Any fee information included that is not clearly defined will be included in the Finance Charge. An invoice is not an acceptable method for breaking down the description of the attorney fee; documentation must be in the form of an addendum or attachment to the Closing Disclosure.

#### Third Party Credit Used to Reduce Finance Charges

When the Lender, Seller or a Broker on borrower paid transactions are providing credits to a borrower, and the credits are being excluded from the APR calculation on the Loan Estimate and Closing Disclosure, the credits must be specifically itemized to a fee and the amount must equal the total received and disclosed on the Closing Disclosure. If an itemization is not provided or the credit is listed as a lump sum, FAMC will not apply credits against prepaid finance charges for the purpose of calculating the final CD.

Options for providing itemizations of fees include:





- Itemizations of credits on the Closing Disclosure or attachment or addendum to the CD, naming specific fees paid with credit;
- Lender's specific closing instructions itemizing fees and/or credits;
- Lender's system generated itemization of fees (e.g., "Fee Sheet"), which must be transaction specific (includes: the lender's name, borrower's name, and loan number) and accurate according to the fees listed on the CD.

Note: For VA loans, a fee sheet, closing instructions or lender's system generated itemization of fees is not acceptable for determining Lender/Seller/Broker credits. There must be an itemized Closing Disclosure signed by the borrower(s). Refer to VA Circular 26-10-09.

FAMC will not allow a seller, broker, or lender credit to exceed the aggregate total of allowed finance charges for purposes of calculating the Amount Financed on the Closing Disclosure or determining state high cost fee thresholds.

Example: If there is an aggregate total of \$800 in APR fees and a lender credit of \$1,000, the maximum credit which may be applied to calculate the Amount Financed is \$800.

On borrower paid transactions, the Lender's premium pricing credit to a borrower may never be used to pay or be applied to broker compensation.

Handwritten notes, asterisks, and other un-identified non-system generated methods of itemizing fees are not acceptable.

### LOAN ESTIMATE (LE) AND CLOSING DISCLOSURE (CD)

#### Loan Estimate (LE)

The creditor is responsible for ensuring that it delivers, or places in the mail, the LE no later than the third business day after receiving the application. MDIA waiting periods apply; therefore, the LE must also be delivered, or placed in the mail, no later than the seventh business day before consummation of the loan. Refer to the TILA- Mortgage Disclosure Improvement Act and the TILA-RESPA Integrated Disclosures (TRID) chapters for further information.

#### Re-disclosure

Refer to the <u>TILA- Mortgage Disclosure Improvement Act</u> and the <u>TILA-RESPA Integrated Disclosures</u> (TRID) chapters for further information.

#### Closing Disclosure (CD)

For loans that require a LE and that proceed to closing, creditors must provide a new final disclosure reflecting the actual terms of the transaction called the Closing Disclosure (CD). The creditor must ensure the CD is delivered to the consumer no later than three (3) business days before consummation. The CD must comply with all prescribed information within the Rule and may be re-issued with revisions





and/or new timing requirements in certain circumstances. Refer to the <u>TILA- Mortgage Disclosure</u> <u>Improvement Act</u> and the <u>TILA- RESPA Integrated Disclosures</u> (TRID) chapters for further information

#### **Disclosure Content**

The following sections detail the information that must be included in the CD that is considered "material disclosures" under the rule. It is imperative that the material disclosures in the CD are completed accurately. If a material disclosure is omitted, incomplete, or inaccurate, it could extend the borrower's right to rescind from three days to three years from loan closing. Refer to the <a href="ILA-RESPA">TILA-RESPA</a> Integrated Disclosures (TRID) chapter for further information.

#### **Amount Financed**

This is the amount of credit provided to the borrowers. The Amount Financed is obtained by subtracting those costs defined as finance charges from the face amount on the Note.

#### Annual Percentage Rate (APR)

The Annual Percentage Rate (APR) represents the cost of credit expressed as a nominal yearly rate. This is a recalculation of the interest rate based on the payment stream, loan amount, and finance charges.

#### Finance Charge

The Finance Charge is the total cost of credit expressed as a dollar amount. The lender must include a brief description of the Finance Charge such as "the dollar amount the credit will cost you" on the CD.

#### **Total of Payments**

Discloses the total of all principal, interest, mortgage insurance, and Loan Costs scheduled over the loan term, assuming all payments are made as scheduled.

#### **Tolerances**

FAMC considers the disclosure of the Finance Charge amount and other disclosures affected by the disclosed Finance Charge amount (including the Amount Financed and the APR) accurate if it is:

- Understated by no more than \$100.00 on purchase money and non-rescindable transactions or \$35.00 on refinance transactions; or
- The Finance Charge Amount is overstated.

Effective October 1, 2018, FAMC will consider the disclosure of Total of Payments accurate if it is:

- Understated by no more than \$100.00 on purchase money and non-rescindable transactions or \$35.00 on refinance transactions; or
- The Total of Payments is overstated.

Note: If a tolerance cure is needed to satisfy an understated finance charge or total of payments amount, the refund must be calculated to zero, not the tolerance limits. (e.g., CD is understated \$45.00 on a refinance transaction: the required refund is \$45.00 not \$10.00.)





#### **Curing Truth in Lending Material Disclosure Errors**

There are provisions in TILA that allow for the correction of errors in certain circumstances. Each Correspondent's legal counsel should provide details on the correction process. While a loan with a TILA error is ineligible for purchase by FAMC, some circumstances do allow for the error to be cured. FAMC employs the following correction guidelines:

#### Pre-purchase

If FAMC discovers a correctable TILA error before purchasing the loan:

- Correspondent must provide written proof of correction of the error.
  - This includes:
    - A copy of the correction letter sent to all borrowers;
    - A copy of the reimbursement check payable to all borrowers;
    - A copy of the overnight mail tracking sheet; and
    - A revised CD is not required. However, if documentation is delivered that indicates a revised CD was issued, a copy of a new right of rescission notice signed by the borrower(s) is required if the loan is a refinance. The new rescission period starts the date of the last disclosed CD.

#### Post-purchase

If FAMC discovers a correctable TILA error post-purchase:

- Correspondent must provide proof of correction of the error within allowable timelines.
  - This includes:
    - A copy of the correction letter sent to all borrowers;
    - A copy of the reimbursement check payable to all borrowers; and
    - A copy of the overnight mail tracking sheet; and
    - A revised CD is not required. However, if documentation is delivered that indicates a revised CD was issued, a copy of a new right of rescission notice signed by the borrower(s) is required if the loan is a refinance. The new rescission period starts the date of the last disclosed CD.

NOTE: The Correspondent will be required to reimburse FAMC for any corrective action taken by FAMC for a TILA violation.

### ADJUSTABLE RATE MORTGAGE (ARM) REQUIREMENTS

An adjustable rate mortgage (ARM) is a mortgage loan which provides for adjustments to the interest rate in accordance with the specified index periodically and as agreed to at the inception of the loan.

FAMC will purchase ARM loans provided the loan is in compliance with all applicable laws and regulations and meets FAMC program parameters.

Below is a matrix detailing standard FAMC ARM product parameters and compliance related requirements.

Index- Conventional	The interest rate on conventional ARM loans will be based on the
	average of Interbank offered rates for one year U.S. dollar-

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	decension to defend the section in the Leader grounds (LIDOD) as well-inhead in		
	denominated deposits in the London market (LIBOR), as published in		
Index- FHA	the Wall Street Journal, plus a specified margin.  The interest rate will be based on the weekly average yield on US Treasury Securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board In Statistical Release H- 15, Selected Interest Rates, plus a specified margin.		
Program Disclosure	An ARM Program Disclosure is required by the Truth in Lending Act (TILA) and must be provided at the earliest of:  • At time the application is taken  • When a non-refundable fee is collected  • Within three business days of the completed application date  The Program Disclosure must include the following information:		
	<ul> <li>The interest rate, payment, or other terms of the loan are subject to change;</li> <li>The index or formula use to make adjustments, and a source of information about the index or formula;</li> <li>An explanation of how the interest rate and payment are determined, including an explanation of how the index is adjusted;</li> <li>A statement that the applicant should ask about the current</li> </ul>		
	<ul> <li>The fact that the applicant should ask about the current margin and interest rate;</li> <li>The fact that the interest rate will be discounted and a statement that the applicant should ask about the amount of the interest rate discount;</li> <li>The frequency of interest rate and payment changes;</li> <li>Any rules relating to changes in the index, interest rate, payment amount, and outstanding loan balance, including, for example, interest rate or payment limitations, negative</li> </ul>		
	<ul> <li>amortization, and interest rate carry-over;</li> <li>An explanation of how the applicant may calculate the payments for the loan amount to be borrowed; and</li> <li>The fact the loan program contains a demand feature (if applicable).</li> <li>The type of information that will be provided in notices of adjustments and timing of those notices;</li> <li>A statement that disclosure forms are available for the</li> </ul>		
	<ul> <li>creditor's other adjustable rate programs; and</li> <li>The terms outlined on the Program Disclosure must match the terms in the Note.</li> </ul>		
Look Back Period	On each Change Date, the interest rate will equal the value of the index most recently available up to 45 days on a LIBOR ARM as well as a FHA ARM, (or a specific period designated with the Note) prior to the date of the interest rate adjustment plus the margin, rounded to the nearest 1/8 <sup>th</sup> percentage point (.125%), unless the interest		





	rate "caps" or "floor" (the margin) limits the amount of change in the interest rate.	
Note	<ul> <li>The Note must include the following information:</li> <li>How the interest rate and payment are determined;</li> <li>How the interest rate can change;</li> <li>How the payment can change;</li> <li>The initial and maximum interest rates; and</li> <li>The index used.</li> </ul>	
	Parameters for the Note must match the parameters of the program disclosure/Rider.	
Charm Booklet	The "Consumer Handbook on Adjustable Rate Mortgages" (CHARM) published by the Consumer Financial Protection Bureau (CFPB) and the Federal Reserve must be provided:  • At time the application is taken;  • When a non-refundable fee is collected; and  • Within three business days of the completed application date.	

It is the responsibility of the lender to provide a valid, specific index rate percentage and date used to calculate the Closing Disclosure. If not provided, FAMC will use the index available on the date of closing.

Note: MDIA requires the re-disclosure of the CD if the APR increases by more than .125% (1/8%) for fixed rate loans. For Adjustable Rate Mortgages, MDIA requires re-disclosure of the CD if the APR increases by more than .25% (1/4%).

#### **RESCISSION - RIGHT TO CANCEL**

TILA provides applicants with the Right to Cancel (rescind) certain refinanced loan transactions secured by their principal residence after the transaction has closed. This Right to Cancel lasts until midnight of the third business day after closing. The right applies not to just borrowers, but also to each individual who has an ownership interest in the subject property at the time of closing.

In the scenario where an individual with ownership interest in a subject property is being voluntarily removed from the title, FAMC will accept the following documentation in lieu of the right to cancel disclosure:

 Executed Quit Claim Deed or other instrument removing ownership interest signed and recorded prior to the security instrument. If the document is executed at closing, the lender will represent and warrant the instrument removing ownership is signed and recorded prior to the security instrument.

#### **Legal Holidays**

Business days do not include Sundays and legal holidays as defined by TILA. The following legal holidays cannot be included in the three (3) business day rescission period:





- New Year's Day;
- Martin Luther King, Jr. Day;
- Washington's Birthday;
- Memorial Day;
- Independence Day;
- Labor Day;
- Columbus Day;
- Veteran's Day;
- Thanksgiving Day; and
- Christmas Day.

#### **Exempt Transactions**

The following transactions are exempt from the Right to Cancel requirements:

- Purchase money loans (residential mortgage transactions); and
- Non-principal dwellings. The Right to Cancel does not apply to any loan secured by a borrower's second home, vacation home or investment property in which the borrower does not reside.

#### **Right to Cancel Form**

The type of covered refinance transaction determines the rescission form version required.

- Refinance with the Original Creditor
  - Right to Cancel Form H-9 from Appendix H to Part 1026 is recommended as best practice.
  - The form language details to the applicant that the new transaction increases the amount of credit previously provided. Additionally, applicants canceling the new transaction will not affect any amount presently owed.
- All other Covered Refinance Transactions
  - Right to Cancel Form H-8 from Appendix H to Part 1026 is required.

#### **Disclosure and Rescission Period**

The Right to Cancel could extend beyond midnight of the third business day after closing if the lender fails to provide:

- Two (2) copies of the rescission notice to each individual entitled to receive it;
- An accurate disclosure, including correct provision, expiration, and receipt dates;
- Correct rescission format based on loan transaction type and a description of how the rescission right may be exercised;
- Until the rescission period expires the lender may not either directly or through a third party:
  - Disburse loan proceeds to the applicant,
  - o Perform services for the applicant, or
  - Deliver materials to the applicant; and
- An inaccurate, material disclosure on Closing Disclosure.





The expiration date on the rescission notice must reference a specific date that is not less than or more than three full business days after the latest of the following three events described in Regulation Z:

- Consummation of the transaction (the date the borrower becomes obligated/signs loan documents as evidenced by the date the borrower signs the Security Instrument);
- Delivery of all material disclosures (final CD);
- Delivery to the consumer of the required rescission notice. The rescission period could be extended until proper disclosures are made, up to three (3) years after closing and, in certain cases, beyond three (3) years. As a result, complete compliance with the Truth-in-Lending Act is critical.
- If the required notice and material disclosures are not delivered, under the federal TILA, a borrower's right to rescind expires three (3) years after the occurrence giving rise to the right to rescission, or upon transfer of all of the consumer's interest in the property, or upon sale of the property, whichever occurs first. However under the MA TIL, a borrower's right of rescission expires four (4) years after the first occurrence of one of the aforementioned events provided under the federal TILA.

#### **Disbursement of Funds Date Requirement**

Funds cannot be disbursed prior to the expiration of the rescission period. In order to confirm compliance, the Settlement Agent must disclose the disbursement date on the Final Closing Disclosure.

#### **Re-Opening Rescission**

The CD must contain the actual terms and costs of the loan transaction. Rescission will need to be reopened and new documents sent and signed by all parties with ownership interest when changes to the following occur:

- Incorrect rescission date
- Loan amount
- Interest rate
- First Payment Date
- Projected Payment table of CD
  - Monthly Principal & Interest
  - o Monthly Mortgage Insurance Cancellation or Adjustment
  - Monthly Escrow Payment Amount
- Total Number of Payments
- Finance Charge (if outside of tolerance accuracy and refunded overages or other available cure cannot bring the file back into tolerance)
- Amount Financed (if outside of tolerance accuracy and refunded overages or other available cures cannot bring the file back into tolerance)
- Annual Percentage Rate (APR), changes by more than 1/8 of 1.00% (.125%) for fixed payment schedules or more than 1/4 of 1.00% (.25%) for adjustable payment schedules from the last disclosed CD





#### When a Loan is Rescinded

To exercise the right to rescind, the consumer must notify the creditor by mail, telegram or other means of written communication. Notice is considered given when mailed, when filed for telegraphic transmission or, if sent by other means, when delivered to the creditor's designated place of business.

#### **Effects of Rescission:**

- 1. When a consumer rescinds a transaction, the security interest giving rise to the right of rescission becomes void and the consumer shall not be liable for any amount, including any finance charge.
- 2. Within 20 calendar days after the receipt of a notice of rescission, the creditor must return any money or property that has been given to anyone in connection with the transaction and shall take action necessary to reflect the termination of the security interest. This includes finance charges already accrued, as well as other charges, such as broker fees, application and commitment fees, or fees for title search or appraisal, whether paid to the creditor, directly to a third party or passed on from the creditor to the third party. It is irrelevant that these amounts may not represent profit to the creditor.
- 3. If the creditor has delivered any money or property, the consumer may retain possession until the creditor has met its obligation as stated above. When the creditor has complied, the consumer must tender the money or property to the creditor. If the credit does not take possession of the money or property within 20 calendar days after the consumer's tender, the consumer may keep it without further obligation.
- 4. The above procedures may be modified by court order.

#### Waivers

FAMC does not allow the right of rescission to be waived.

#### **Notification of Sale or Transfer of Mortgage Loans**

Implemented as an amendment to the Truth in Lending Act, the Helping Families Save Their Homes Act established a new requirement for notifying consumers of the sale or transfer of their mortgage loan. As required by the Act, the Notification of Sale or Transfer of Mortgage Loans disclosure must be provided to the borrower(s) no later than 30 days after the date on which a mortgage loan is sold or otherwise transferred or assigned. The disclosure must be provided by the creditor that is the new owner of the debt.

Lender may be subject to civil money penalties if the disclosure is not provided within 30 days after the date on which the mortgage loan is sold or otherwise transferred.

The Notice must contain the following information:

- Identification of the loan being transferred.
- The identity, address, and telephone number of the new owner of the loan. An e-mail address and/or website address may also be included but is not required.
- The acquisition date, according to the books and records of the new owner of the loan.
- How to reach an agent or party having the authority to act on behalf of the new owner.





- The location of the place where transfer of ownership of the debt "is or may be recorded". The
  specific postal address and county or jurisdiction where the property is located need not be
  stated. It is sufficient to state that the transaction "is or may be recorded in the office of public
  land records or the recorder of deeds office for the county or local jurisdiction where the
  property is located."
- Any other relevant information the entity may want to provide.

#### **DISCLOSURES**

The following matrix describes FAMC guidance regarding the precise business day rule, detailed delivery methods and waiting period requirements must be followed. Please refer to <a href="ILA - Mortgage Disclosure">ILA - Mortgage Disclosure</a> Improvement Act chapter for further information.

Disclosure Name	Who	When Required	Loan Type	Description
	Provides			
Loan Estimate (LE)	Broker or Lender	At application	Closed-end	Initial disclosure is based on estimated costs. Closing cannot occur until seven (7) business days after the initial disclosure has been mailed or delivered.  Refer to the TILA-RESPA Integrated Disclosures (TRID) chapter for further information.
Consumer Handbook on Adjustable Rate Mortgages (CHARM booklet)	Broker or Lender	Refer to the Description column	ARM	Must be provided:  • At the time of application; • A non-refundable fee is collected; or • Within three (3) business days of receipt of application. Whichever occurs first  Refer to the "ARM Disclosures" section for further information.
Acknowledgement	Broker	Closing	ARM and	Provided in the closing
of Receipt of	and		Purchase	package for all ARM and
Information	Lender		Transactions	Purchase transactions.
Booklets				Must be completed,





				signed and dated by the borrower(s).
Program Disclosure	Broker or Loan Officer	Refer to the Description column	ARM	Must be provided:  • At the time of application;  • A non-refundable fee is collected; or  • Within three (3) business days of receipt of application.  Whichever occurs first
Loan Estimate (LE) Re-disclosure	Lender	Must be provided within three (3) business days of receiving the information that results in a valid changed circumstance and no later than four (4) business days prior to closing.	Closed-end	Required if the APR increases by more than 1/8 of 1% (.125%) or if there is a valid changed circumstance under the rule to send a revised estimate.  Refer to the TILA - Mortgage Disclosure Improvement Act and TILA-RESPA Integrated
				<u>Disclosures (TRID)</u> <u>chapters</u> for further information.
Closing Disclosure (CD)	Lender	Must be provided no later than three (3) business days prior to closing.	Closed-end	Final disclosure is based on actual costs.  Refer to the TILA-RESPA Integrated Disclosures (TRID) chapter for further information.
Right to Cancel	Lender	At closing	Refer to the Description column	Refer to the "Right to Cancel" section for further information
Notification of Sale or Transfer of Mortgage Loans	Lender as new owner of debt	No later than 30 days after the date on, which a mortgage loan is sold or otherwise transferred or assigned to the investor	Refer to the Description column	Refer to the "Notification of Sale or Transfer of Mortgage Loans' section for further information.