

Eagle Funding

BROKER MEMO

Date: July 28, 2009

Subject: MDIA and HVCC – New requirements

Loan applications dated on or after July 30, 2009 must be compliant with the Mortgage Disclosure Improvement Act (MDIA). This will apply to all loan types. Conventional loans must also comply with the Home Valuation Code of Conduct (HVCC), and must now adhere to both sets of rules in order to be compliant.

Here are some of the changes that will affect the beginning of your transaction:

1. There is now a 3 business day waiting period after our initial disclosures are mailed to the borrower before they are considered RECEIVED. (MDIA)
2. There is now a 3 business day waiting period after this delivery time during which the initial disclosures are being REVIEWED. (MDIA)
3. Up-front fees (collection of a deposit) for an appraisal cannot be done until after the initial disclosure delivery period has elapsed. (MDIA)
4. For conventional loans, appraisal requests and payments will be refused / returned if received before the initial disclosure delivery period has elapsed (MDIA & HVCC)
5. Under no circumstances can a transaction close before at least 7 business days have expired after the initial / revised disclosures are mailed to the borrower (see below).
6. At this time FHA, VA and USDA loans that start with another lender and, for whatever reason, are switched to us will need to have a new appraisal ordered after the initial disclosure delivery period has elapsed.

The only way to ensure compliance with these new regulations is to require written acknowledgement from your borrowers that they are BOTH in receipt of the initial disclosures AND what date they were received. The attached Acknowledgement of Receipt form and a return envelope will accompany all disclosures mailed to your borrower. We will not be able to prepare closing documents on your loan unless this form is returned to us by your borrower. So it will be in your best interest to communicate with your borrower regarding sending their acknowledgement form back to us each time we send it out.

We will also send the loan officer / loan processor an email indicating the mail-out date of the initial disclosure package. This will help you properly time your appraisal procedures.

We will ask your borrower to acknowledge (box to be checked) on our appraisal request / payment website that they are in receipt of our initial disclosures.

Item 3 will cause the most trouble for both of us. It is our mutual responsibility to ensure that funds are not collected and appraisals are not ordered before the initial disclosure delivery period has elapsed. Because we order your appraisals on Conventional loans (HVCC), we can help you control the timing. However, because you order your own appraisals on FHA and USDA loans, we will require you to provide evidence of your MDIA compliance to us (date appraisal deposit received and date appraisal ordered).

HVCC also dictates that the lender provide your borrower a copy of the appraisal for their conventional loan no less than 3 days before closing. We will use the same Acknowledgement of Receipt form for this purpose such that we have written evidence from your borrower that they have BOTH received the appraisal AND the date received.

Here are some of the changes that will affect the end of your transaction:

1. We will now require escrow to provide us an estimated HUD-1 before we will prepare the closing documents (possible delay).
2. Any change in the terms of the loan (dictated by you, your borrower, or the lender) will result in a new TIL. A change (increase or decrease) of more than 0.125% in the Annual Percentage Rate (APR) requires a revised TIL to be mailed to your borrower. This re-starts the separate 3 business day DELIVERY and REVIEW periods previously described.

You must be prepared for these potential delays and plan accordingly around your closing dates and lock expirations.

For questions, please contact your Account Executive. Thank you for your business.

David Baker
VP – Wholesale, Eagle Funding



ACKNOWLEDGEMENT OF RECEIPT

Borrower: _____ Loan Number: _____

By signing and dating below I / we acknowledge receipt of:

- Initial Loan Disclosures Date Received: _____
- Revised Loan Disclosures Date Received: _____
- Property Appraisal Date Received: _____

Borrower Signature

Co-Borrower Signature

When completed, please return this form to us in the envelope provided.
Thank you