

New Truth in Lending Process

Reunion Mortgage has a new process to implement recent changes to the Truth in Lending Act (TILA) that are effective with loan applications for primary residences, 2nd homes and investment properties received by Reunion beginning July 30, 2009.

The TILA changes primarily impact the disclosure process to borrowers, and are intended to protect the borrower by providing more time to review the loan details. The main changes include:

- Notification to the borrower that he/she is not required to complete the loan just because he/she signed a loan application and/or received disclosures
- The definition of "business days" is now Monday through Saturday, excluding legal Federal holidays
- Lenders and brokers are prohibited from charging any fees to a borrower (excluding a credit report fee) until the lender provides the borrower with the appropriate disclosures (this primarily impacts requesting appraisals)
- Any change of more than .125% in the APR requires re-disclosure to the borrower (the APR includes the interest rate and fees)
- The loan cannot close until 7 days after Reunion mails the initial disclosures to a borrower, and 3 days after the borrower receives re-disclosures (if applicable)

Reunion's Process for the Existing Pipeline

To protect the existing pipeline of our valued broker partners who have already requested and prepaid appraisals, Reunion has automatically entered a Submit date of July 29th for conventional loans with an appraisal ordered, and all FHA loans (registered, locked and floating loans less than 90 days old that have not been completely submitted). This will enable Reunion to disclose to the borrowers and prevent them from having to re-purchase an appraisal.

Brokers who have FHA loans with case assignments and/or appraisals pending should submit these loans by midnight Pacific Time on July 29th so Reunion can accept the appraisal. ***Appraisals will not be accepted for any new loans submitted on or after July 30th unless they were ordered 4 days* after Reunion received the loan application, allowing us time to disclose to the borrowers.***

Reunion's Process Starting July 30, 2009

In order to ensure compliance with the new TILA requirements, the revised loan process for all conventional and FHA loans is:

1. Broker will register or upload a file and email or fax the 1003 and GFE (brokers should make extra effort to ensure the accuracy of the GFE, or risk delaying funding if re-disclosure is required)
2. Broker must wait 4 days* after the day of submission before requesting a conventional appraisal through Reunion's online portal, or ordering an FHA appraisal
3. Broker can lock any time, but should carefully consider the additional time needed for the TILA changes (and lock at least 7 days before closing to ensure that if the locked rate increases the APR, there will be enough time to re-disclose)
4. A new underwriting condition will require a completed Reunion *Fee Sheet* to be submitted. If the APR has increased by more than .125% from the initial GFE, docs will not be drawn until the borrower has been re-disclosed. The *Fee Sheet* will be posted on the broker website *Forms* page tomorrow, and emailed to the broker with each underwriting approval. Reunion staff will monitor for APR changes throughout the loan process and try to re-disclose prior to the underwriting condition, however there is currently no automated process for this (re-disclosure means we need to allow 3 days for the mailed disclosures to arrive, then 3 days for the borrower to consider if he still wants the loan before we can sign/close).

If you have any questions, please contact your Account Executive or local branch.

*The cut-off time for a submitted loan to be considered received same-day is 3:00 pm Pacific Time. Loans submitted after 3:00 pm will be considered received the next day, with disclosures mailed the following day. Increased volume may also impact the mail date of the disclosures, and the broker will receive an email notifying him/her of the mail date so he/she knows when to order the appraisal and/or charge other fees.