

## Understanding the New Government Regulations for Mortgages

New government regulations for mortgage loan transactions have recently been enacted. These new regulations were designed to give you additional time to make informed decisions, but they may also increase the time it takes to obtain a mortgage loan. Please read this information carefully, and make sure you include ample time to obtain a mortgage loan when making your plans.

New Regulation	Impact				
Certain upfront fees cannot be collected prior to providing initial mortgage disclosures.	<p>Effective July 30, 2009, we will not collect any fees in connection with your mortgage loan application before you receive your initial mortgage disclosures. Whether delivered via email or mail, we consider the disclosures to be received 3 business days after we have sent them.</p> <p><b>Example of disclosures delivered by mail:</b></p> <table> <tr> <td>Initial Mortgage Disclosures Sent</td> <td>Friday, August 7</td> </tr> <tr> <td>Processing of Fees (Earliest Date)</td> <td>Wednesday, August 12</td> </tr> </table>	Initial Mortgage Disclosures Sent	Friday, August 7	Processing of Fees (Earliest Date)	Wednesday, August 12
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The earliest a borrower can close is 7 business days after initial loan disclosures have been issued.	<p>The new regulations provide borrowers with additional time to review important loan information. This waiting period should be a consideration when planning the timing of your mortgage closing. This is very important when completing a sales contract.</p> <p><b>Example of disclosures delivered by mail:</b></p> <table> <tr> <td>Initial Mortgage Disclosures Sent</td> <td>Friday, August 7</td> </tr> <tr> <td>Earliest Closing Date</td> <td>Monday, August 17</td> </tr> </table>	Initial Mortgage Disclosures Sent	Friday, August 7	Earliest Closing Date	Monday, August 17
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Borrowers will receive a copy of their appraisal at least 3 business days before their closing.	<p>Starting May 1, 2009, borrowers with conventional loan applications will receive a copy of their appraisal via mail or email. The appraisal will be sent as soon as it is received and should be reviewed by the borrower. It is important to note, this appraisal will not yet have been reviewed by a Regions Underwriting Associate.*</p> <p><b>Example of disclosures delivered by mail:</b></p> <table> <tr> <td>Appraisal Sent</td> <td>Monday, August 17</td> </tr> <tr> <td>Earliest Closing Date</td> <td>Monday, August 24</td> </tr> </table>	Appraisal Sent	Monday, August 17	Earliest Closing Date	Monday, August 24
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If the Annual Percentage Rate (APR) on your loan changes more than the allowed tolerance before your loan closes, a new Truth-in-Lending (TIL) disclosure will be issued. This new disclosure must be received no less than 3 business days before closing.	<p>If the APR changes more than 0.125% for a fixed rate or ARM mortgage, we will send a new TIL disclosure for your review. Whether delivered via mail or email, we consider the disclosures received 3 business days after sending.</p> <p><b>Example of disclosures delivered by mail:</b></p> <table> <tr> <td>Updated TIL Disclosure Issued</td> <td>Wednesday, August 26</td> </tr> <tr> <td>Earliest Closing Date</td> <td>Thursday, September 3</td> </tr> </table>	Updated TIL Disclosure Issued	Wednesday, August 26	Earliest Closing Date	Thursday, September 3
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Earliest Closing Date	Thursday, September 3				

### Factors that can have an impact on your APR:

- Interest Rate Changes
- Increase or decrease of your loan amount
- Closing date changes
- Changes to loan fees, such as your origination, discount, and closing agent charges

**As a leading mortgage lender, Regions is committed to providing a mortgage to best fit your financial needs.**



## Roles in the Mortgage Process

Mortgage Loan Originator (MLO)	<ul style="list-style-type: none"> <li>• Take a mortgage loan application based on the information provided by your customer.</li> <li>• Issue mortgage disclosures in a timely manner.</li> <li>• Discuss qualifying, monthly payments and cash needed for closing.</li> <li>• Disclose important timelines with your customer and the realtor as necessary.</li> <li>• Promptly answer questions that arise throughout the process.</li> </ul>
Customer	<ul style="list-style-type: none"> <li>• Gather complete and accurate information needed for your mortgage application or pre-approval.</li> <li>• Keep regulatory and other timelines in mind when making plans for closing. Plan for a closing timeline of 30–45 days from the date of your loan application.</li> <li>• Inform MLO of the selected Closing Agent.</li> <li>• Quickly inform your MLO of any changes to minimize the effect on your closing date. This includes changes such as product, rate and loan amount.</li> <li>• Understand that until your interest rate is locked, the APR may not be correct.</li> </ul>
Realtor/Builder	<ul style="list-style-type: none"> <li>• Become educated on the regulatory guidelines and the impact they have on the timing of mortgage loan transactions.</li> <li>• Coordinate with the closing agents early in the process to insure an understanding of fees charged and what can cause a delay of the closing.</li> </ul>
Closing Agent	<ul style="list-style-type: none"> <li>• Make sure closing fees are accurate when the initial request for the closing or title order is made; this minimizes the chance of changes in the APR.</li> <li>• Keep your lender informed when changes are made. If a change is made at closing, a new TIL will need to be provided.</li> </ul>

### Be an informed customer. Ask questions. Expect Answers.

Here are answers to commonly asked questions. Please contact us if you have any additional questions.

#### What is considered a business day?

This definition now excludes only Sundays and federal holidays.

#### Am I obligated to use a lender just because I completed an application with them?

No. The Truth-in-Lending disclosure now contains clear language stating that the borrower is under no obligation to proceed with the transaction just because the disclosures were issued.

#### What happens when a rush closing is needed?

The purpose of the new regulations is to allow the customer time to review and understand the terms of the transaction. Waiting periods have been built in and allow for few exceptions. It is best to plan on a minimum of 30 - 45 days to close.

#### Are both purchase and refinance transactions subject to the new regulations?

Yes. They also apply to mortgages for primary residences, second homes and investment properties.

#### Why are these changes occurring?

The Home Ownership and Equity Protection Act (HOEPA) and the Housing and Economic Recovery Act (HERA) were enacted and the Federal Reserve Board published new regulations under the Truth in Lending Act. The objectives of the regulatory changes are to protect the customer by making them more informed regarding their mortgage financing options and to avoid unfair or deceptive lending practices while preserving responsible lending and sustainable homeownership.

- Home Economic Recovery Act (HERA) – This act made changes to the Truth in Lending Act (part of Regulation Z). One component is the Mortgage Disclosure Improvement Act, which requires disclosures to be issued earlier in the transaction, as well as when substantial changes are made during the application process.
- Home Valuation Code of Conduct (HVCC) – Released by Fannie Mae and Freddie Mac in 2008, the HVCC directs lenders to deliver appraisals to customers 3 days before closing.

#### How are disclosures provided?

Regions customers have the choice of standard mail or secure electronic delivery (email).

Standard Mail – If chosen, disclosures are presumed received 3 days after mailing.

Email - If email is chosen, you will receive an initial emailed consent document to confirm your ability to view, print and save your disclosures. After receiving your consent to receive this document, we will begin sending all communications via email.

