



## **MORTGAGE DISCLOSURE IMPROVEMENT ACT (MDIA) HIGHLIGHTS**

The MDIA, a new provision of the Truth In Lending Act (TILA), changes the TILA requirements regarding early and final disclosures to homebuyers and addresses the timing of when fees may be charged. Due to these changes it is advised to plan for a 30 day close. Here are the most pertinent highlights:

- TILA disclosures now apply to any closed-end extension of credit secured by the dwelling of a consumer. This now includes second homes.
- There must be a seven-business-day waiting period between the date the initial TIL disclosure is provided to the consumer and the closing/signing date of the loan. This means that no loan can close in less than seven business days from the TIL disclosure date.
- Upfront fees, including fees for the appraisal cannot be collected by the mortgage broker/originator (except for bona fide credit report fees) until the initial disclosures are received by the borrower. Disclosures are considered "received" 3 full business days after mailing, allowing appraisal fee to be collected on the 4th day. They are considered "received" at application if it is a face-to-face interview. *Therefore the appraisal cannot be ordered until the fourth business day, unless it is a face-to-face interview.*
- If the APR changes by more than .125% up or down the creditor must re-disclose the TIL.
- There must be a three-business-day waiting period between the date the final/re-disclosed TIL is received by the consumer and the closing/signing date of the loan. Again, TIL is considered received 3 days after mailing.
- Certain changes, such as changes to loan amount, loan program or settlement fees that affect APR will require re-disclosure and can delay closing.
- In very rare cases, the three-day and seven-day waiting periods may be waived if there is a bona fide personal financial emergency.

### **Richard Kimball**

Office: (847) 252-7900

Cell: (630) 291-6012

Email: [rich@alliedhomenet.com](mailto:rich@alliedhomenet.com)



Illinois Residential Mortgage Licensee