



# ALERT

## Important Information about the Mortgage Disclosure Improvement Act of 2008

***Did you know about the Truth In Lending Act (TILA) changes that are effective for all closings that arise out of loan applications dated on or after July 30, 2009?***

The new TILA disclosure requirements apply to all closed-end loans secured by a consumer's home (not only purchase or construction financing, but also refinances, equity loans, etc., with the exception of home equity lines of credit.)

**Lenders must deliver or mail a good faith estimate (GFE) of closing costs (early disclosure) to the consumer no later than 3 business days after the lender receives a consumer's loan application.** Additionally, the lender may not collect any fees prior to providing the GFE, with the single exception of a reasonable fee for a credit report.

**A final copy of the early disclosures must be delivered or mailed to the consumer no later than 7 business days before settlement.** The final copy of the early disclosures may or may not be the same disclosures provided no later than 3 business days following loan application (depending on whether the disclosures needed to undergo any changes).

**Early disclosures include accurate estimates of settlement charges.** Therefore, title agents must provide lenders with an accurate quote of all settlement charges at least 7 business days in advance of the settlement date.

*(Note: "Business day" means all calendar days except Sundays and specified Federal legal public holidays, and this definition applies to all TILA waiting and disclosure periods.)*

**In the event the lender must provide amended or corrected disclosures, settlement may not occur until 3 business days after the consumer receives the amended or corrected disclosures.**

**If mailed, emailed, or sent via courier, the consumer is considered to have received the disclosures 3 business days after they are placed in the mail, sent via email, or delivered to a courier, regardless of actual speed of delivery.** If a creditor has evidence of actual delivery (consumer signature of receipt, email confirmation of receipt, etc.), then the 3 business day waiting period begins on the date of the confirmed receipt.

**For timeshare transactions, modified or correct disclosures must be disclosed to the consumer no later than settlement;** no 3 business day waiting period is required.

**In the event the APR increases more than 0.125% over the most recent prior disclosure, the lender must provide a corrected disclosure to the consumer and wait 3 business days from receipt before proceeding to settlement.**

*Because the APR takes into consideration closing fees and charges, it is important for settlement agents to provide lenders with accurate estimates of settlement fees as early as possible.*

**In certain limited circumstances, consumers may waive either the 3 day waiting period, the 7 day waiting period, or both.** This applies only in the event that the consumer determines that the extension of credit is needed to meet a personal financial emergency. To do this, the consumer must provide proper documentation to the lender.

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