

On July 30, 2009, some of the provisions of the **Mortgage Disclosure Improvement Act of 2008 (MDIA)** went into effect and lenders, mortgage brokers, title agents, real estate agents, and real estate broker's need to understand and comply to these new federal governmental regulations. The new **MDIA** laws apply to all closed-end mortgage loans, including first and second mortgage loans and home equity loans secured by the member's principal dwelling and loans secured by a dwelling even when it is not the member's principal dwelling (such as a vacation home). It applies to a refinancing of any of these loans. They don't cover home equity lines of credit, mortgage transactions secured by an interest in a timeshare plan, or temporary financing such as construction or bridge loans.

Here are the details for the **MDIA**:

1. The 3/7/3 Rule requires a **seven business day waiting period** once the initial disclosure is provided before closing a home loan (business days are everyday **except Sundays and Holidays**). This means that **before a borrower can close** on a transaction the borrower must receive the initial Good Faith Estimate (GFE) and initial TIL statement disclosing the final Annual Percentage Rate (APR) seven days prior to closing.
2. If the final annual percentage rate APR is off by more than .125% from the initial GFE disclosure then the lender must re-disclose and wait yet **another three business days before closing** on the transaction.
3. The consumer has the right to cancel and not proceed with the transaction if they so choose.
4. Lenders are forbidden from collecting money for appraisals, loan applications, etc. prior to the delivery of the Truth In Lending (TIL). **Lenders can only collect from the borrower the credit report fee** at the time of or prior to delivery of the final TIL. No other fees are permitted to be collected at the time of application. If the TIL is sent by mail, additional charges can occur after the 3rd business day after the borrower receives the TIL in the mail.
5. The following language must be clearly written on the initial and final TIL: "You are not required to complete this agreement merely because you have received these disclosures or signed a loan application."

