



How the New Disclosure Guidelines May Impact Your Closing Dates

HERA Mortgage Disclosure Improvement Act

Many new government laws and other changes are occurring in the mortgage industry to help ensure the home financing process is transparent and understandable to customers, like you. Compliance with these new requirements is mandatory for all mortgage lenders and mortgage brokers, with the goals to help prevent deceptive lending practices and to make sure—as a borrower—you are provided with the details and time you need to make a more informed decision about the home financing product you choose

The details that guide loan processing timelines

Historically, for a home financing transaction, the closing dates were determined by the buyer and seller. Going forward, consumers (who are obtaining a mortgage) and their Realtors need to take into account a few mandatory timelines that impact the processing of the mortgage application. For example, some of the new legislation that took effect July 30, 2009, provides requirements for:

- When loan closings can be scheduled
- When new Truth in Lending disclosures need to be provided to consumers
- What counts as a “business day”
- When fees can be collected from the borrower

This means that consulting with your mortgage professional upfront about potential closing dates is critical toward setting expectations for all of the parties involved. Minimally, you should plan on at least 30 days to complete the loan process from initial application.

What can affect the loan timeline?

- A change in any of the following during the process could impact your Annual Percentage Rate (APR) and therefore your estimated closing date:
 - Change in mortgage product
 - Change in closing/signing date
 - Change in loan amount
 - Unlocked rate
 - Change in fees by third parties – such as your settlement agent
- The interest rate on your loan impacts the APR. This means that until you lock in your rate, an exact APR cannot be determined.

What you can do to help keep the process on track

- Review the timeline and potential impacts with your mortgage professional upfront and throughout the loan process so you can keep your Realtor or Builder informed. It is wise to plan for at least 30 days to complete the loan process.
- Obtain a credit-checked preapproval before you start to shop for a home.
- Review the initial disclosures you receive. Initial disclosures include the Truth in Lending (TIL) which discloses in writing the terms and conditions of a mortgage, including the APR and other charges so that you are clear about the details of the transaction before moving any further.

I'm here to help you work through this process and answer any questions you may have. I encourage you to e-mail me at ndurst@p-s-b.com or call me at 309-693-9494 ext 404 if you have interest in other topics pertaining to the mortgage industry.



142 East Main Street
P.O. Box 409
Princeville, IL 61559
(888) 385-4375

Shoppes at Grand Prairie
4924 West American Prairie Dr.
Peoria, IL 61615
(309) 693-9494

