



HOMEOWNER SERVICES PART 1

Alabama ASO Conference

October 2025

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This material is for informational purposes only and should not be considered legal advice. Seek appropriate counsel to obtain advice for your own situation.



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You will be able to:

- Identify applicable US Policies for Homeowner and Mortgage Services
- Summarize Fair Lending, and other regulatory requirements
- Apply key steps in selection/origination and loan closing to reduce risk to your affiliate.



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Topics – Part 1

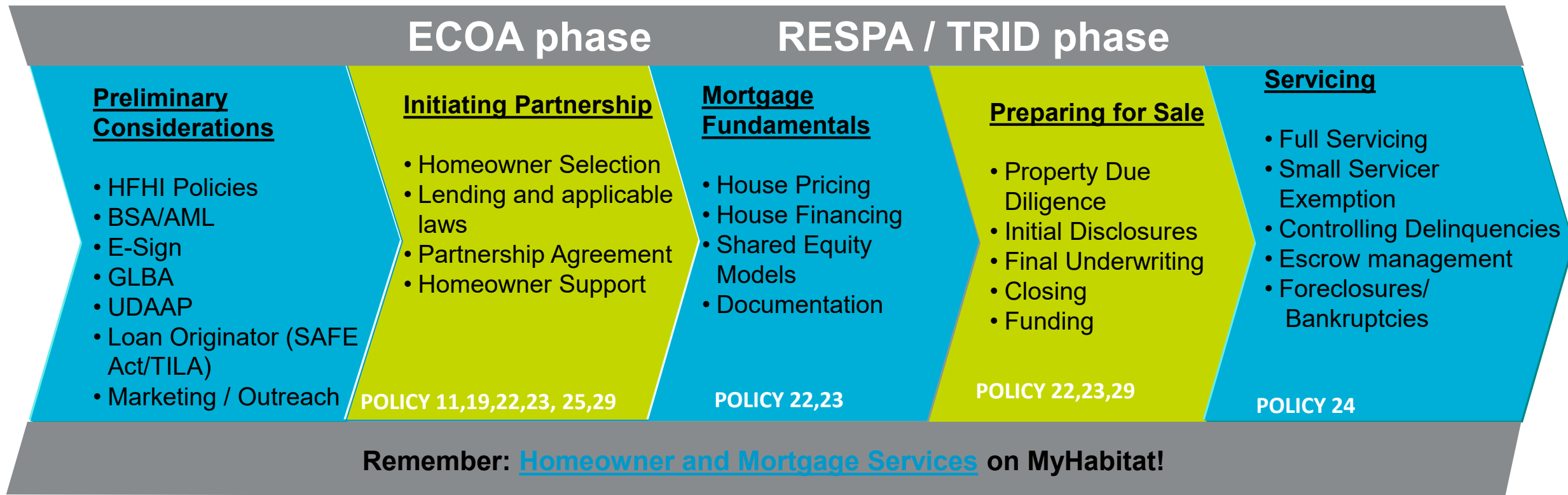
- HFHI US Policy Handbook
- Laws/Regulations
 - Fair Lending
- Qualified Loan Originator
- Application Distribution



Homeowner Selection Process

Initial Assessment (ECOA) phase
and

Final Assessment (RESPA) phase



[Mortgage Origination Checklist](#)

Homeowner Selection Process

Initial Assessment (ECOA) phase
and

Final Assessment (RESPA) phase

Preliminary Considerations

- HFHI Policies
- BSA/AML
- E-Sign
- GLBA
- UDAAP
- Loan Originator (SAFE Act/TILA)
- Marketing / Outreach

ECOA phase

Initiating Partnership

- Homeowner Selection
- Lending and applicable laws
- Partnership Agreement
- Homeowner Support

POLICY 22,23,29

Mortgage Fundamentals

- House Pricing
- House Financing
- Shared Equity Models
- Documentation

POLICY 22,23

RESPA / TRID phase

Preparing for Sale

- Property Due Diligence
- Initial Disclosures
- Final Underwriting
- Closing
- Funding

POLICY 22,23,29

Servicing

- Full Servicing
- Small Servicer Exemption
- Controlling Delinquencies
- Escrow management
- Foreclosures/ Bankruptcies

POLICY 24

Remember: [Homeowner and Mortgage Services](#) on MyHabitat!

[Mortgage Origination Checklist](#)

US Policy Handbook & Laws

2025 Alabama State Conference



U.S. Affiliated Organization Policy Handbook

Schedule G: U.S. Affiliation Agreement
Updated July 2025

[U.S. Policy Handbook - Covenant
and Policies](#)



HFHI US Policy Handbook

Policies to focus on for Homeowner Services

Policy 10 – Funding Sources

Policy 11 – Homeowner Partner Selection

Policy 19 – Sexual Offender Registration Check

Policy 22 – Sale of the Housing Unit

Policy 23 – Mortgage Origination

Policy 24 – Mortgage Servicing

Policy 25 – Family Support

Policy 26 – Equal Treatment of Habitat Homebuyers

Policy 29 – Consumer Mortgages Offered by

Third-party Lenders **UPDATED FY24**

Policy 34 – Safeguarding

Policy 35 – Cybersecurity **New FY26**

US Policy 11 – Homeowner Partner Selection

3 Selection Criteria – qualifying

Need (AMI - financial & physical) – serve households up to 60% AMI , not to serve above 80% AMI

Ability to Pay (able to repay the mortgage)

Willingness to partner –

Sweat Equity, 200 hrs / household with 100 hrs for construction

Deselection reasons....

...affiliates have experienced tension between being “a Christian ministry” and the provisions of federal law regarding discrimination in housing and lending and in lending decisions. The resolution of the U.S. Affiliate Committee (the predecessor to the U.S. Council) acknowledges the applicability of the federal laws and the need for a consistent definition of the basic homeowner selection criteria

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Policy 19 - Sexual Offender Registration Check

Know your state laws!

- ☐ Check all **applicants** against the sex offender database
- ☐ Develop an affiliate policy for sex offense review and determination

Guidance Memorandum & Sample policy

[Guidance Memorandum- Sex Offender and Criminal Background Checks](#)

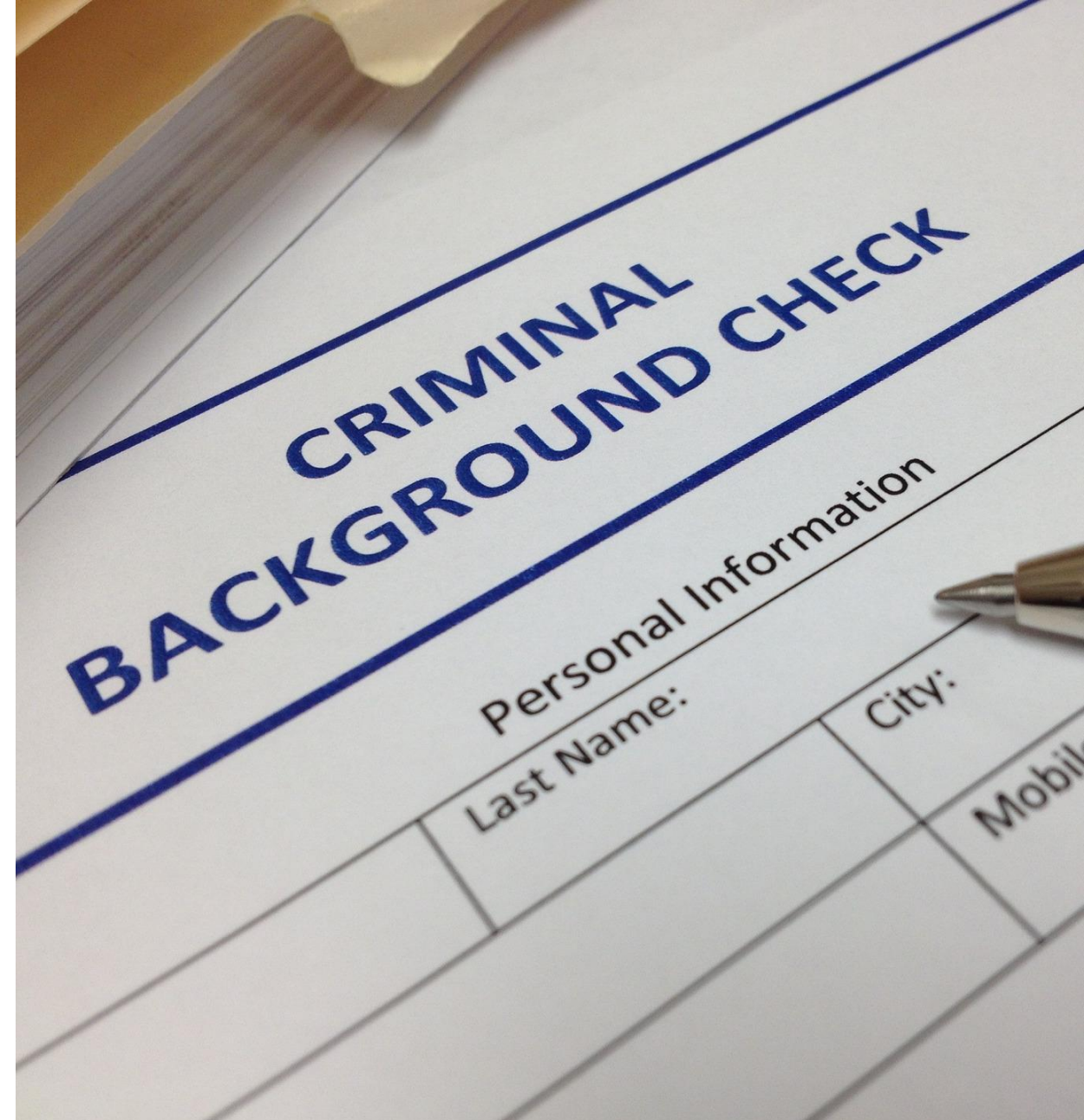
Criminal Background Checks

Affiliates may also adopt policy for checking criminal background history.

Must make an individualized assessment based on:

1. The nature of the offense – articulate risk you are trying to mitigate
2. When the offense occurred, rehabilitation since, re-entry programs
3. Any mitigating factors (e.g., domestic violence, inaccurate records)
4. Other?
 - Do not consider arrest or information other than convictions.
 - What are your state consent requirements, restrictions?
 - What action is appropriate for the associated risks (e.g., subcontract, limited PR)?

NO AUTOMATIC DENIALS – each applicant must be screened in the same way!



US Policy 23 – Mortgage Origination



Originating First Mortgages

- Third-party lender may originate interest bearing mortgages – must be affordable
- Term should not exceed 30 years, and in no event to be more than 40 years
- Maximum front end ratio 30% and maximum DTI is 43% of gross income



Legal Requirements and Governance

- Affiliates are under the federal supervision and oversight of the CFPB
- Must understand any exemption(s) that are being used and knowledgeable of the compliance requirements
- Comply with all applicable laws – origination, referral to a third-party lender, marketing etc.
- Loan originators must be qualified – SAFE Act or TILA requirements
- Comprehensive policies covering all loan origination activities

US Policy 23 – Mortgage Origination

Originating First Mortgages

- Interest bearing mortgages by affiliates require an exception to policy 23
 - HFHI requires a business and execution plan
 - If granted the affiliate and each individual LO must become licensed under the SAFE Act – regardless of any state exemption available
 - Loan origination system (LOS) is required
 - Third-party servicing or a professional mortgage servicing system is required



US Policy 23 – Mortgage Origination cont'd



Originating Deferred Subordinate Mortgages

- A subordinate mortgage must be used to protect equity when the 1st mortgage is less than the FMV
- Deferred subordinate mortgage are not be sold, pledged, discounted or assigned
- Events that trigger the repayment must be clear to the homebuyer
- Must have a maturity date
- Some or all the sub mortgage can be recaptured at the end of the first mortgage's term – must be in note and have an end of term strategy



Forgiveness Requirements

- Written board approved policy
- Consistently applied

US Policy 23 – Mortgage Origination cont'd



Combined Loan-to-Value ratio – not to exceed 100%, except if financing customary and reasonable closing costs



Mortgage Insurance is permitted if the LTV is above 80%



LEVERAGE

Leveraging is permitted; set policy establishing percentage of portfolio that may be leveraged and cash reserve requirements.

Policy 29 - Consumer Mortgages Offered by Third-party Lenders

Third-party direct lending to HFH homebuyers is permitted.

- **Know the laws - determine with state regulator or appropriate legal counsel:**
 - **if activities performed** when referring to a third-party lender still **falls under any SAFE Act licensing exemption** that the affiliate is operating under.
 - Whether referring to a third-party lender is a broker activity, if so, is licensing required.
- Can **recommend but not require** a particular lender
- **Financing used** to purchase a Habitat home is deemed a **responsible loan product**, and is affordable to the homebuyer
- Ensure all **outreach and marketing** materials are accurate and **communicate** to applicants the basic **eligibility requirements**
- Use **outside financial education** because it is broader and geared towards the lending industry vs. Habitat
- **Role of the affiliate in the transaction** must be clear to applicants
- If different loan options are possible, don't promise any loan product to applicant

Key Takeaways about US Policies

- Several US Policies relate directly to Homeowner Services
- Affiliates must have a policy for checking sex offences – not just for affiliate personnel, but also potential homebuyers – state law may drive this policy
- Affiliates must know the laws that govern their work, as well as any applicable exemptions and how to comply with them
- Homebuyer's affordability index is capped at 30%/43% and 30-year term is the preferred, but no more than 40-year for affordability
- A subordinate lien must be used to close the gap between the repayable 1st and the sales price – the winding down of subordinate liens must be in policy
- A successful Homeowner Support program needs to have resources and mechanisms in place to support buyers as they transition from renter to homeowner
- Policy 29 (updated July 1, 2023) permits referral to third-party lenders. Loans / features must be sustainable for the borrower over time and not contain risky features that could interfere with the borrower's ability to repay
- Policy 35 – Cybersecurity required encryption for information at rest and in transit



Lending Laws

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House of Laws

Mortgage Lending Laws

Advertising	Application	Closing	Servicing
Outreach - Flyers, Website, Posters, Radio, TV etc. – Fair Housing Act – GLBA – ADA – TILA – UDAAP – ECOA – State and Local laws	Homeowner Selection; Underwriting; Pre- qualification; – Fair Housing Act – SAFE Act – ECOA – FCRA – TILA – RESPA – AML/BSA – GLBA – UDAAP – *E-Sign – State and Local laws	Final Underwriting; House Pricing; Disclosures; Conveyance documents – Fair Housing Act – TILA – RESPA – Garn-St Germain Act – ECOA – FCRA – GLBA – UDAAP – *E-Sign – State and Local laws	Payments; Escrow; Loss Mitigation; Foreclosure – Fair Housing Act – RESPA – TILA – ECOA – Garn-St Germain Act – FCRA – UDAAP – BSA/AML – GLBA – SCRA – SAFE Act – *E-Sign – *FDPA – State and Local laws
Board Approved Policy and Procedures			
Annual Business Plan			

Equal Credit Opportunity Act (ECOA)

Habitat homeownership program

- Serve economically disadvantaged population
- Can set qualifications for participation
 - Need
 - Willingness to partner
 - Ability to pay
- Can use alimony, child support, maintenance payments for need and ability to pay assessment
- [ECOA Special Purpose Credit Program Notice](#)

Appraisals

[Right to Receive Copy of Appraisal Disclosure Notice](#)

Provide within 3 days of receiving application



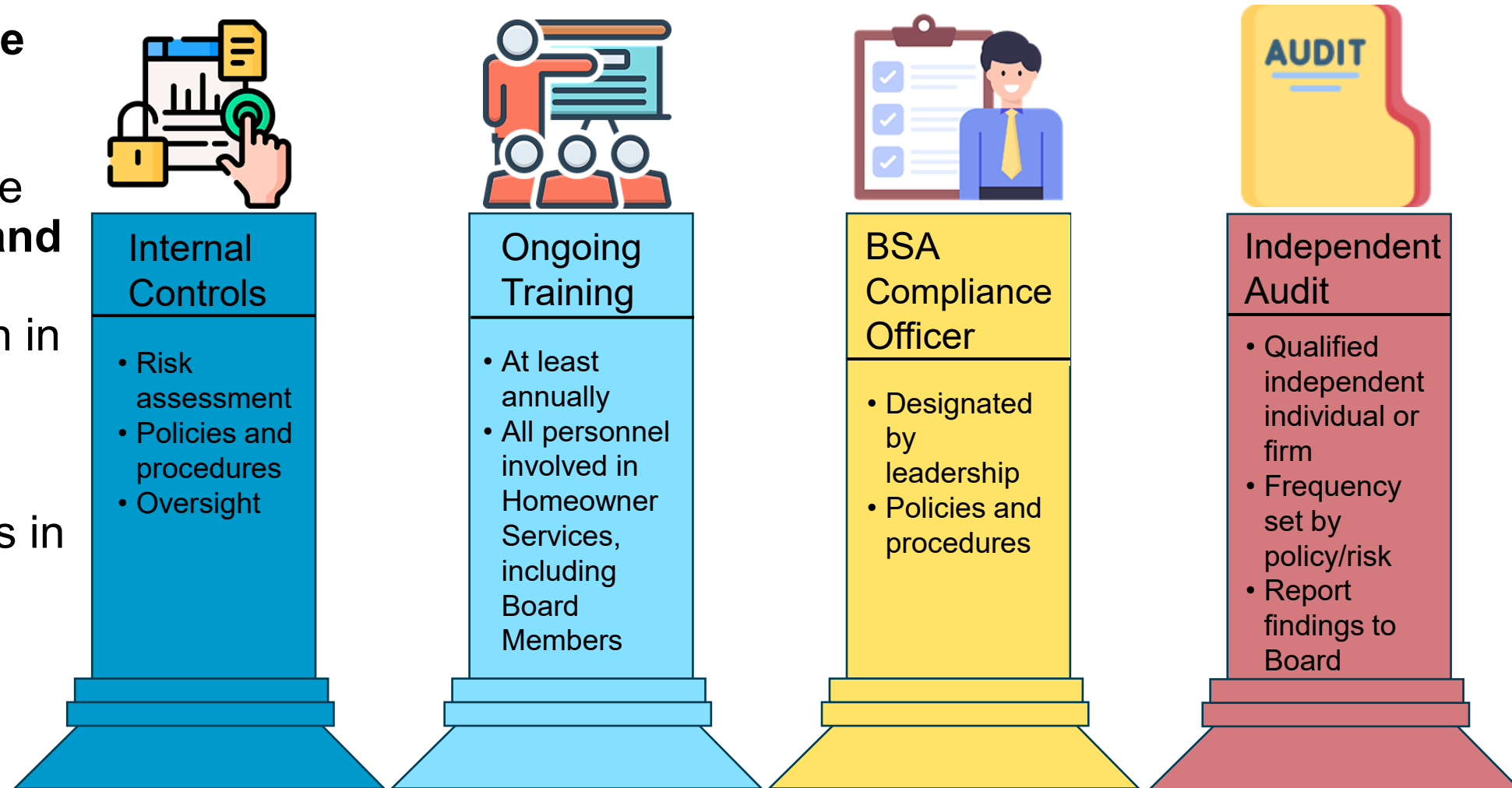
Bank Secrecy Act / Anti-Money Laundering (BSA/AML)

AML - Resources

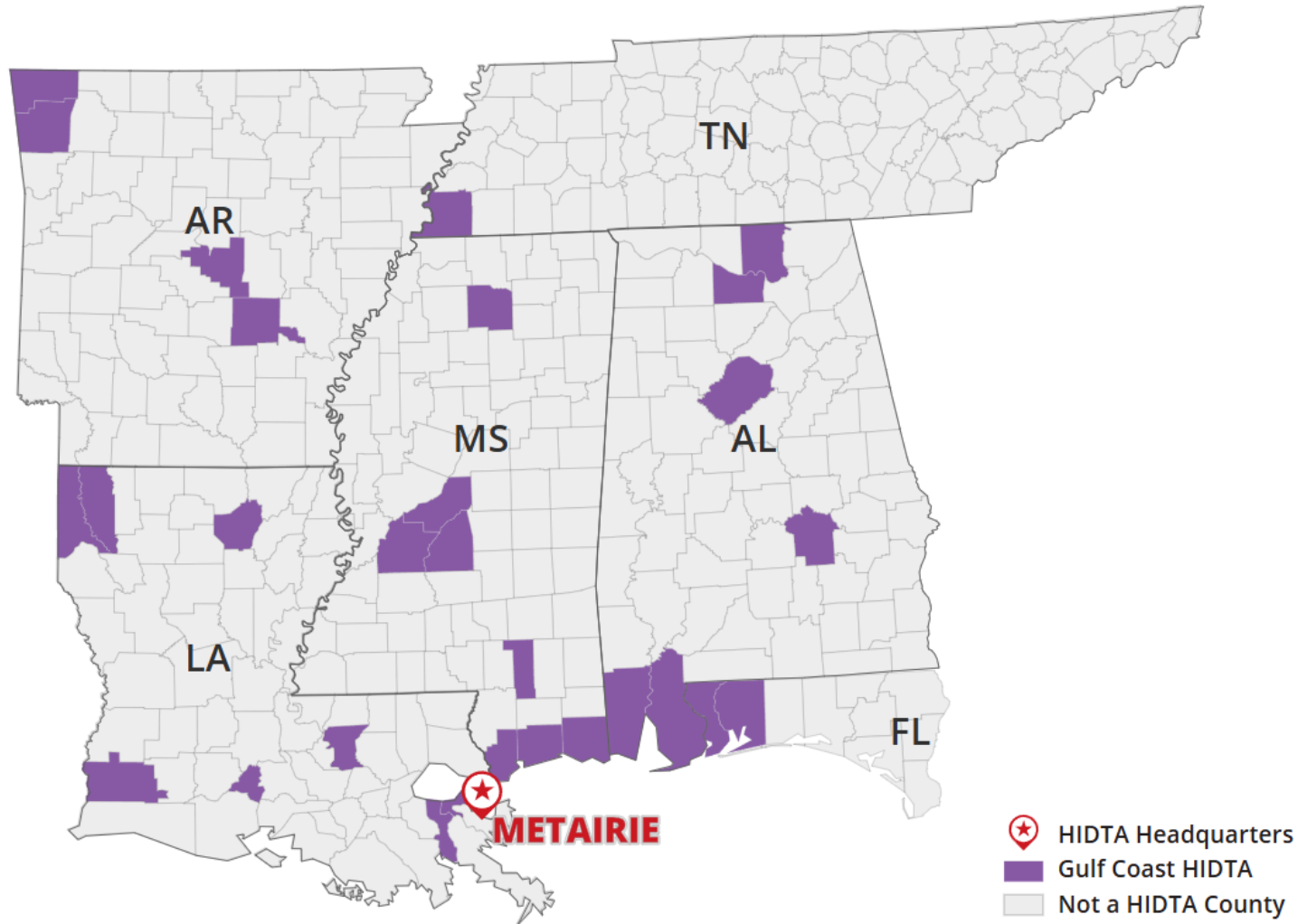
Residential Mortgage Lenders and Originators (RMLO)

Mandatory compliance with **AML Program**, and **Suspicious Activity Reporting (SAR)**, both in the origination and servicing processes.

Know if your affiliate is in a high-risk area!
HIDTA and/or HIFCA



High Intensity Drug Trafficking Areas (HIDTA)



**Alabama has 6
HIDTAs counties**

- They are part of the Gulf Coast HIDTA
- If your affiliate is in one, it is not longer considered “low” risk for AML

<https://www.hidtaprogram.org/index.php>

Alabama HIDTA

Gulf Coast HIDTA

Baldwin

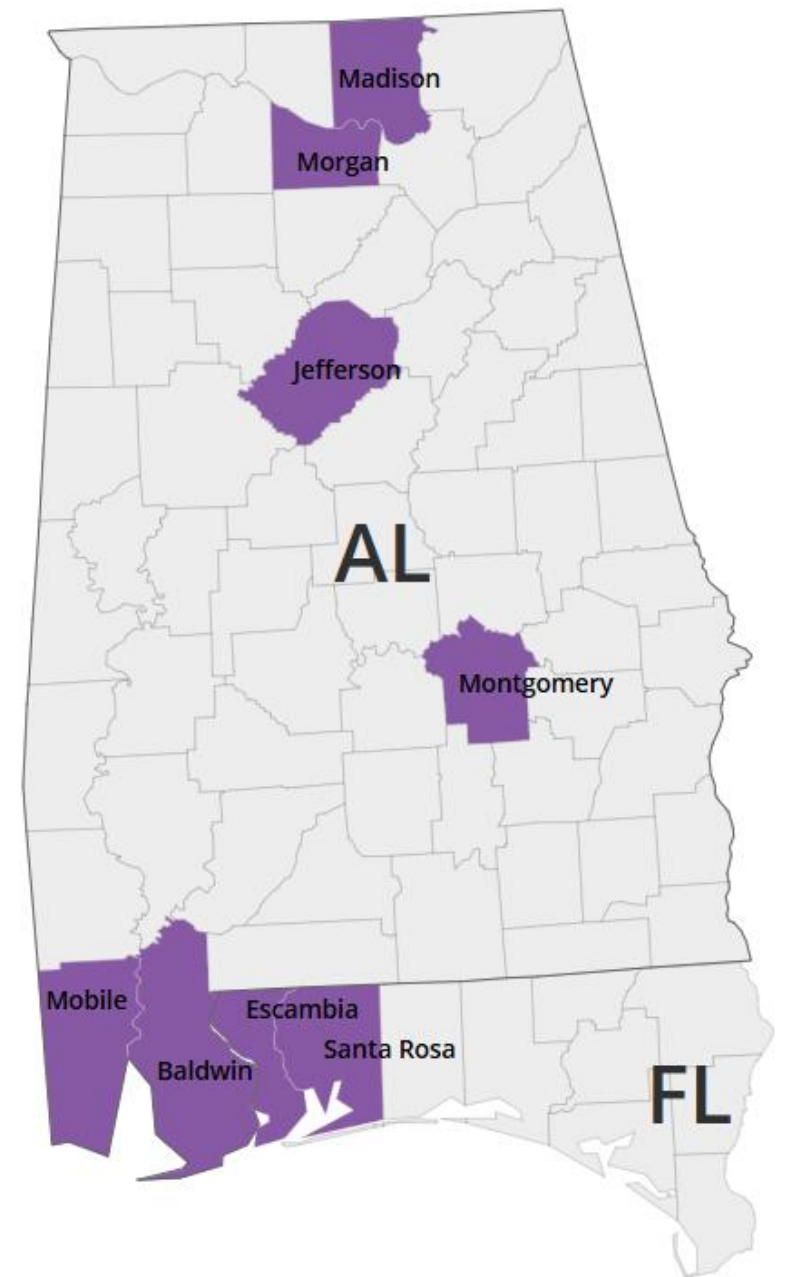
Jefferson

Madison

Mobile

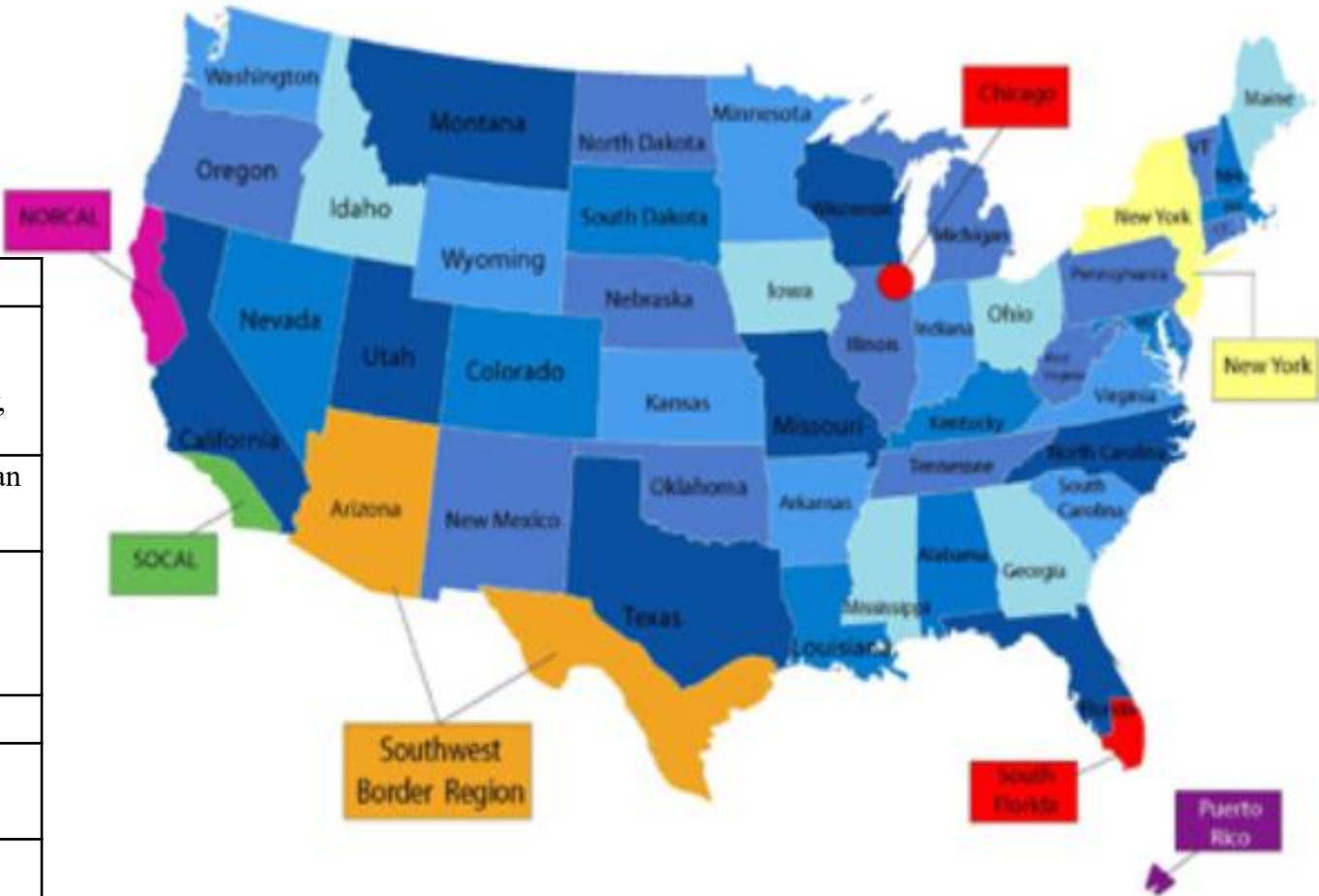
Montgomery

Morgan



High Intensity Financial Crime Area (HIFCA)

Region	Area Jurisdiction by Counties
California Northern District	Monterey, Humboldt, Mendocino, Lake, Sonoma, Napa, Marin, Contra Costa, San Francisco, San Mateo, Alameda, Santa Cruz, San Benito, Monterey, Del Norte
California Southern District	Los Angeles, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, Ventura
Southwest Border	Arizona - All Counties Texas - Counties Bordering, and adjacent to those bordering, the US and Mexico Boundary
Chicago	Cook, McHenry, Dupage, Lake, Will, Kane
New York	New York - All Counties New Jersey - All Counties
Puerto Rico	Puerto Rico - All Areas U.S. Virgin Isles - All Areas
South Florida	Broward, Miami-Dade, Indian River, Martin, Monroe, Okeechobee, Palm Beach and St Lucie



BSA/AML - Office of Foreign Assets Control (OFAC)

- OFAC is part of the U.S. Treasury Department
- Enforces economic and trade sanctions based on US policies
- Regulations tie directly to the Bank Secrecy Act in preventing and detecting money laundering and terrorist financing by blocking transactions that:
 - Are by or on behalf of a blocked individual or entity;
 - Are to or go through a blocked entity; or
 - Are in connection with a transaction in which a blocked individual or entity has an interest.
- All U.S. persons, including U.S. banks, bank holding companies, and nonbank subsidiaries, must comply with OFAC's regulations.
- **Each applicant must be screened through the OFAC sanctioned databases – initially and ongoing to ensure they are not on a sanctioned list.**

<https://ofac.treasury.gov/faqs/5> - Assessing OFAC Name Matches

<https://ofac.treasury.gov/media/16166/download?inline> – False Hit List Guidance



Applicable Laws

- **Gramm-Leach-Bliley Act (GLBA) Privacy:** [GLBA](#)
Mandatory compliance with safeguarding consumers info that is collected; initial and annual privacy disclosures tell consumers / customers info sharing practices and privacy policy
- **Electronic Signatures In Global National Commerce (E-SIGN) Act:** [E-Sign Act disclosure](#)
Applicant must affirmatively (E-SIGN disclosure) consent before affiliate can communicate electronically



Applicable Laws

- **Fair Credit Reporting Act (FCRA):**
 - Use “Consumer Reports” only for permissible purposes, e.g., decision to extend credit (Consumer report – includes credit report and background check (release required))
 - Permission must be obtained to pull a consumer report. Mandatory disclosure of adverse action if decision was based on a factor from a consumer report – employment or credit granting
- **Fair and Accurate Credit Transactions (FACT) Act** – Credit card and Identity Theft protections; fraud detection; and allows consumers 1 free credit report annually



Applicable Laws

- **Truth In Lending Act (TILA):** Mortgage advertising must be accurate, and clear. Requires disclosure showing the cost of a loan also governs steering, and certain aspects of servicing. Also requires a Right of Rescission notice for repair loan transactions secured by the residence



Applicable Laws

- **Truth In Lending Act (TILA):**
 - **TILA/RESPA Integrated Disclosures (TRID):** Mandatory compliance with initial and closing disclosures. If affiliate in the previous or current calendar year originated more than 5 mortgages or more than 25 secured or unsecured loans
 - **Steering:** directing consumers to a loan where compensation received is greater than other transactions



Applicable Laws

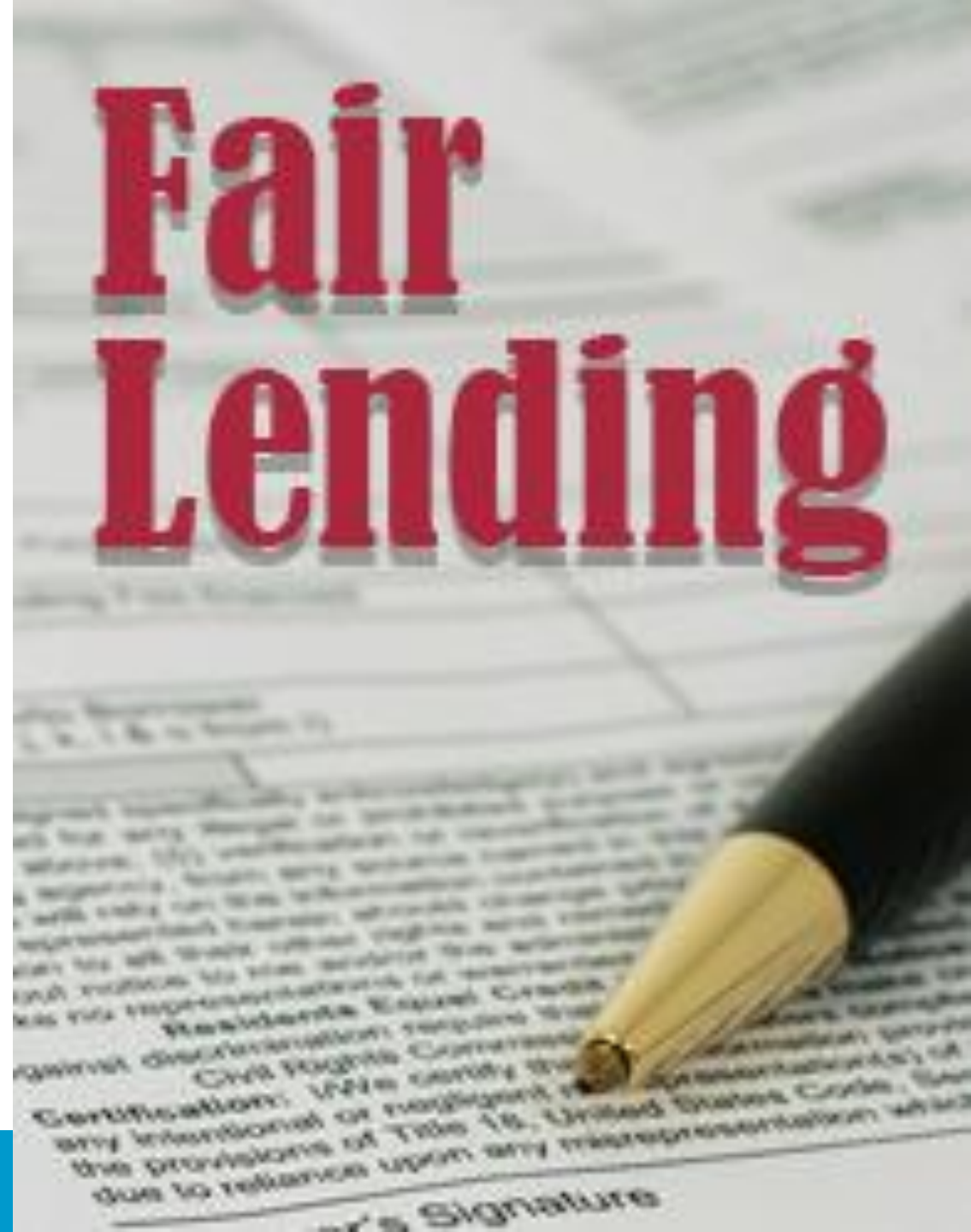
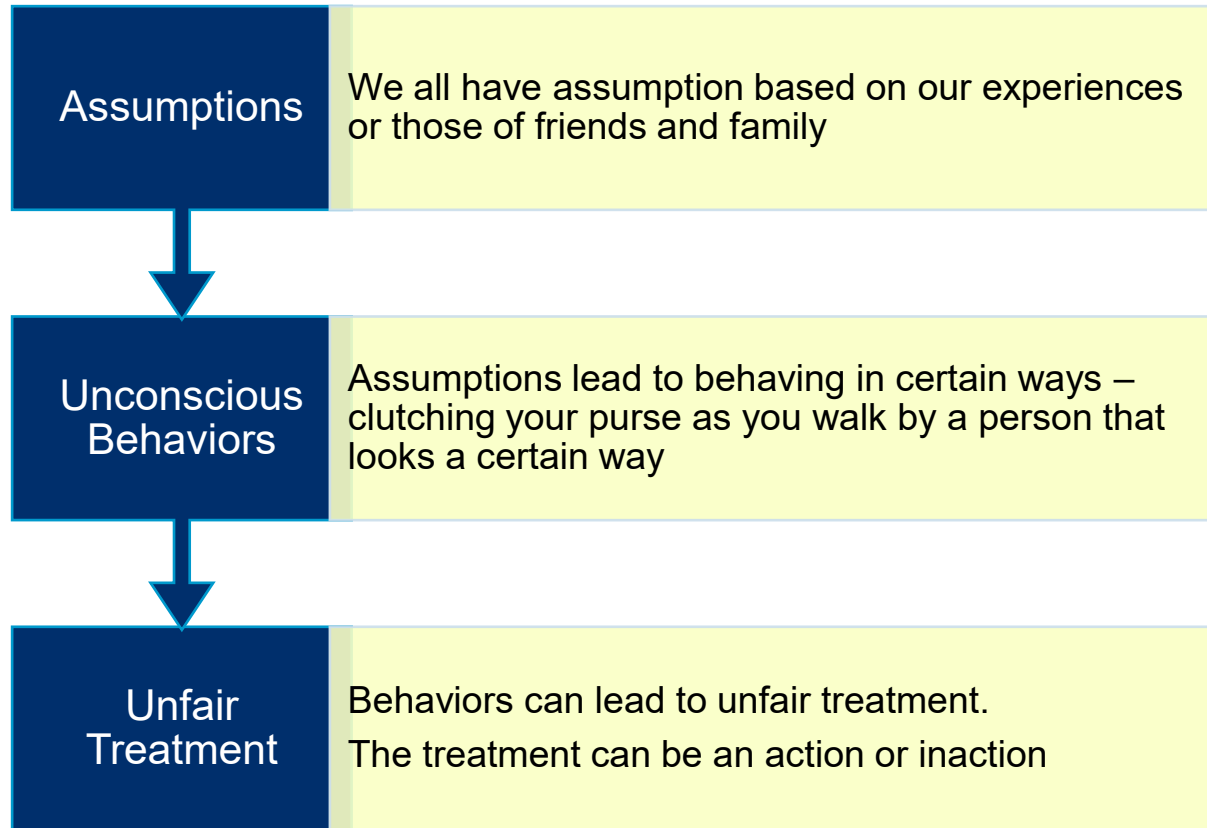
- **Truth In Lending Act (TILA):**
 - **TILA - Loan Originator Qualifications:** LO qualifications fall either under state SAFE Act or federal TILA



Fair Lending Laws

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Fair Lending



ECOA / FH Act

Equal Credit Opportunity Act (ECOA)

Prohibits discrimination in any aspect of credit transactions based on certain factors. Credit must be made available to all creditworthy consumers.

Fair Housing Act (FH Act)

Prohibits discrimination based on certain factors by any person whose business includes engaging in residential real estate-related transactions.

Color; Religion; National Origin; Sex; Race

- **Age** (provided the applicant has the capacity to contract);
- **Marital status**;
- **Income** derived from public assistance; or
- In good faith exercised any right under the **Consumer Credit Protection Act**

- **Familial status** (defined as children under the age of 18 living with a parent or legal custodian, pregnant women, and people securing custody of children under 18);
- **Handicap** (physical or mental impairment)

Unfair, Deceptive, Or Abusive Acts or Practices (UDAAP)

An act or practice is **unfair** when:

1. It causes or is likely to cause substantial injury to consumers;
2. The injury is not reasonably avoidable by consumers; and
3. The injury is not outweighed by countervailing benefits to consumers or to competition

An act or practice is **deceptive** when:

1. The act or practice misleads or is likely to mislead the consumer;
2. The consumer's interpretation is reasonable under the circumstances; and
3. The misleading act or practice is material

An act or practice is **abusive** when it:

1. Materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service; **or**
2. Takes unreasonable advantage of:
 - a) a consumer's lack of understanding of the material risks, costs, or conditions of the product or service;
 - b) a consumer's inability to protect his/her/their interests in selecting or using a consumer financial product or service; **or**
 - c) a consumer's reasonable reliance on a covered person to act in his/hers/their interests

Discrimination Triggers



Policy & Documentation Gaps

- Regulatory requirements not included in policies
- Lack of policies
- Lack of clear procedures for qualification and underwriting, delinquency management and loss mitigation



Inconsistent & Subjective Practices

- Subjective selection criteria – can different people apply the standard and produce the same result?
- Difference in assistance provided to certain applicants



Ineffective Dispute Handling

- No or ineffective dispute resolution process – complaints from applicants and homeowners



Personnel & Training Weaknesses

- Untrained personnel serving consumers

Fair Lending Violation Prevention

Legal Awareness & Anti-Discrimination Practices



- Know the laws and how to prevent discrimination or appearance of discrimination
- Compliant advertising within GSA – be mindful of demographics
- Draft comprehensive policies with laws in mind
- Objective underwriting guidelines
- Policies limit discretion – more discretion, more risk

Training & Organization Accountability



- Training
- Organizational Structure
- Who has contact with potential and actual applicants and homeowners?
- Know your role – stay in your lane

Policy Development & Documentation



- Written policies reviewed on a set frequency to ensure they are current
- Exception to policy should be minimal and approved only by authorized personnel
- Exception must be documented with compensating factors/controls for decision

Compliance Oversight & Controls



- Internal Controls
- Oversight and monitoring of compliance
- Complaint Resolution process

Qualified Loan Originator (QLO)

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Qualified Loan Originator (QLO)

**QLO
Compliance
is a
component
of Good
Standing**

Policy 23 §2.2.3. [Policy 23, Mortgage Origination](#)

All affiliates must submit their QLO compliance evidence to HFHI [QLO Tools and Resources](#)

Demonstrating compliance requires applicable items based on state SAFE Act requirement

- Submit QLO compliance information via the [self-service portal](#)
- Ensure to update annual training certs - [Training records submission](#)

QLO Compliance Requirements cont'd

Exempt

Exempt from state licensing (legislation or **regulator opinion letter**). LOs must meet qualifications requirement.

[State Exemption Status Determination](#)



Safe Act Exemption from Alabama Dept of Banking (1).pdf

AL received an opinion letter from the state regulator in 2014. The letter concluded that Habitat for Humanity and their employees are excluded from licensure under the state's SAFE Act because of the bona fide nonprofit requirements which each affiliate must meet.

Qualified Loan Originator (QLO) – Leadership Responsibilities cont'd

*** If a consumer report indicates a reason for adverse action, FCRA employee notice requirement must be satisfied**

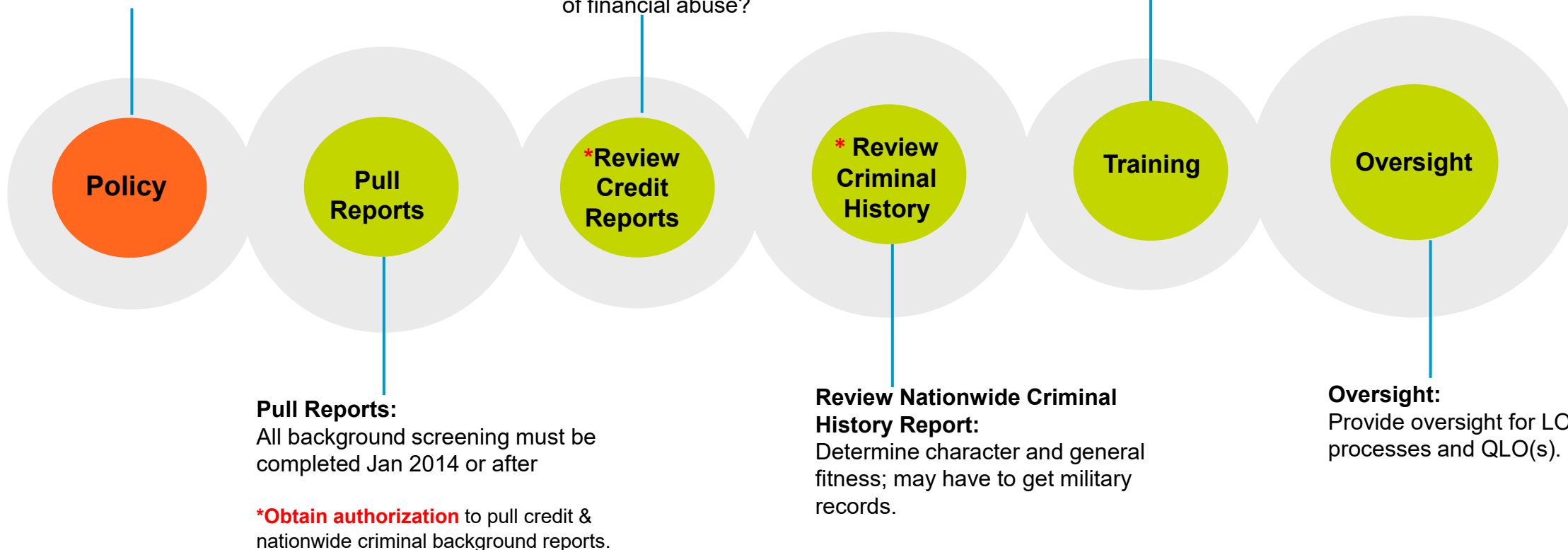
- **Policy:**
Set LO Qualification policy – does the individual demonstrate good character, fitness, and will operate honestly, fairly and efficiently.
- **Ensure that federal and state training is available for loan originators.**

Review Credit Report:

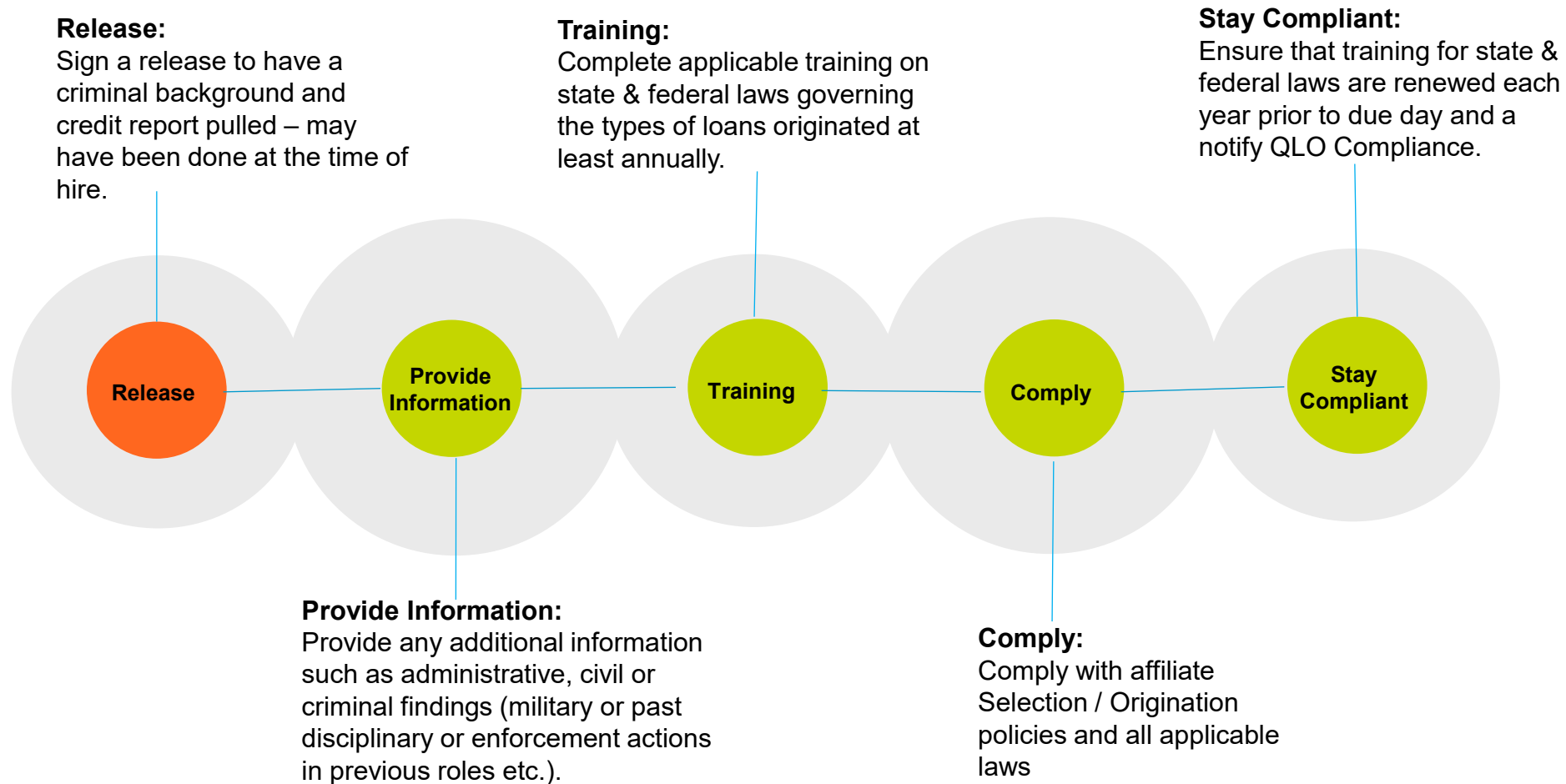
Based on affiliate policy, determine if the LO is financially responsible – are there patterns of financial abuse?

Training – State and Federal:

Ensure that training for state & federal laws governing the types of loans originated are available for LO(s).



Qualified Loan Originator (QLO) – Individual LO Responsibilities



Key Takeaways about Lending Laws

Know the laws that govern the processes carried out in Mortgage Origination

- Ensure a good understanding of requirements of SAFE Act exemption

Fair Lending laws ensure that certain classes of people are protected from discrimination

If your affiliate is in a HIDTA or HIDTA, your residual risk is no longer low – policies and procedures must be written accordingly.

Affiliates must provide a privacy disclosure to all consumers, initially and every 12 months

E-Sign disclosure must be affirmed by the applicant and homeowner to communicate with them electronically

The FACT Act allows a free credit report from each CRA for all consumers – now weekly

QLO is governed by TILA and state laws





Homeowner Selection/Origination Policy Creation

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Policy Creation

Leadership manages/oversees the compliance of the affiliate. Policies are the key!

- Policies set behaviors, roles and responsibilities
- Comprehensive policies minimize risk
 - Must be objective and demonstrate compliance with applicable laws
- Must have an owner and a regular review cycle
- One source of information for all
- Protects the affiliate, personnel, applicants and homeowners



Policy Creation cont'd

Avoid statements like “will comply with all laws”; “at the sole discretion of the affiliate”

Avoid words like “should”, “reasonable”, “appropriate”, “significant”

Strong Policies –
empowers everyone to make clear, consistent decisions—independently, confidently, and fairly.

Objective = facts

Subjective = feelings/interpretation

Policy Creation cont'd

[Selection/Origination Policy Handbook](#)



Homeowner Selection/ Mortgage Origination Policy Handbook

Policy handbook sections

1. Background
2. Homeowner Services Team
3. Homeowner Recruitment
4. Application Defined
5. Application Evaluation
6. Partnership
7. Affordability and Subsidy
8. Sales Preparations and Closing
9. Appendix – 1 thru 7

Policy Creation -Third-party Lending

Section **7.2** allows affiliates to add policy statements for third party lending

New guidance – Policy 29 FY24

- Lenders must be registered or licensed and regulated by a prudential regulator
- Lenders must have responsible consumer lending practices and don't offer harmful loan features to Habitat buyers
- Affiliates are encouraged to have a policy that identifies loan features that prevents sustainable homeownership
- Determine whether the affiliate's referral activities:
 - Considers the affiliate a broker (state law), if so, is a broker license required?
 - With the borrower or lender is SAFE Act licensable?

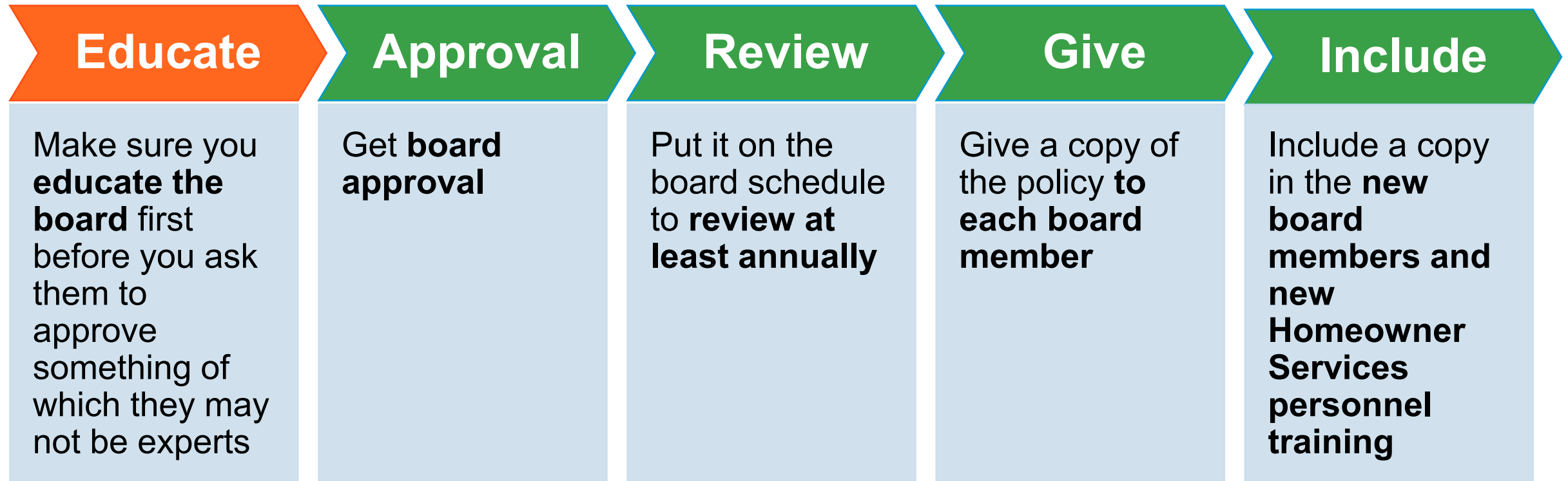
Policy Creation - Exercised

1. Affiliate may request to have a reference from current as well as past landlords
2. Applications received after the open application period will be denied
3. Failure to complete required sweat equity hours could result in deselection
4. Applicants must not have unfavorable judgements or liens against them
5. An unsuitable neighborhood is a condition that demonstrates need for adequate shelter

Objective

Objective Policy - Different individuals, acting independently, will apply the standard in a consistent manner.

Get your Board on board



Application Distribution

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Outreach & Marketing



- Equal housing opportunity logo
 - Advertising must be accurate and not misleading
 - Avoid triggering terms – use “we offer an affordable mortgage”
 - Images must reflect community makeup
 - Ensure actions or words are not discouraging to consumers
- 
- The Equal Housing Opportunity logo, which is a stylized house with a triangle inside, representing the roof and the letter 'H' respectively.



EQUAL HOUSING OPPORTUNITY

Distributing Applications – Legal Requirements

[Habitat homeownership application \(English\)](#)

[Solicitud Programa de Propiedad de Vivienda de Habitat](#)

Must be available in more than one venue

Attending an orientation meeting **cannot** be a condition of receiving an application

ECOA Special Purpose Credit Program Notice

Not a requirement but used to avoid confusion with the law.

E-Sign Act Disclosure and Agreement

Applicant must affirm to receiving electronic communication

Right to Receive Copy of Appraisal

Provide within 3 days of receiving application

Initial Privacy Notice (GLBA)

Annually every 12 months thereafter

Distributing Applications – Legal Requirements

[Habitat homeownership application \(English\)](#)

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EQUAL HOUSING OPPORTUNITY

Recap

- Preparation for Homeowner Selection is important
- Many laws and regulations overlay the work done in this space – from outreach thru closing and servicing
- Consumer/Customer privacy is required, know if state laws supersede federal laws
- Fair Lending – prevents personal bias from controlling how the work that is done
- QLO is more than three letters – know your state requirements, and it is a good standing element
- An application/orientation meeting cannot be the only place a consumer can obtain an application
- Images on advertising must reflect those of the community

QUICK RECAP

QUESTIONS on Topics covered



HOMEOWNER SERVICES

PART 2

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Part 2 Topics

- Homeowner Selection/Origination
 - Initial Assessment Phase
 - House Pricing and Mortgage Structuring
 - Lasting Affordability
 - Preparing for Sale
 - Final Assessment Phase



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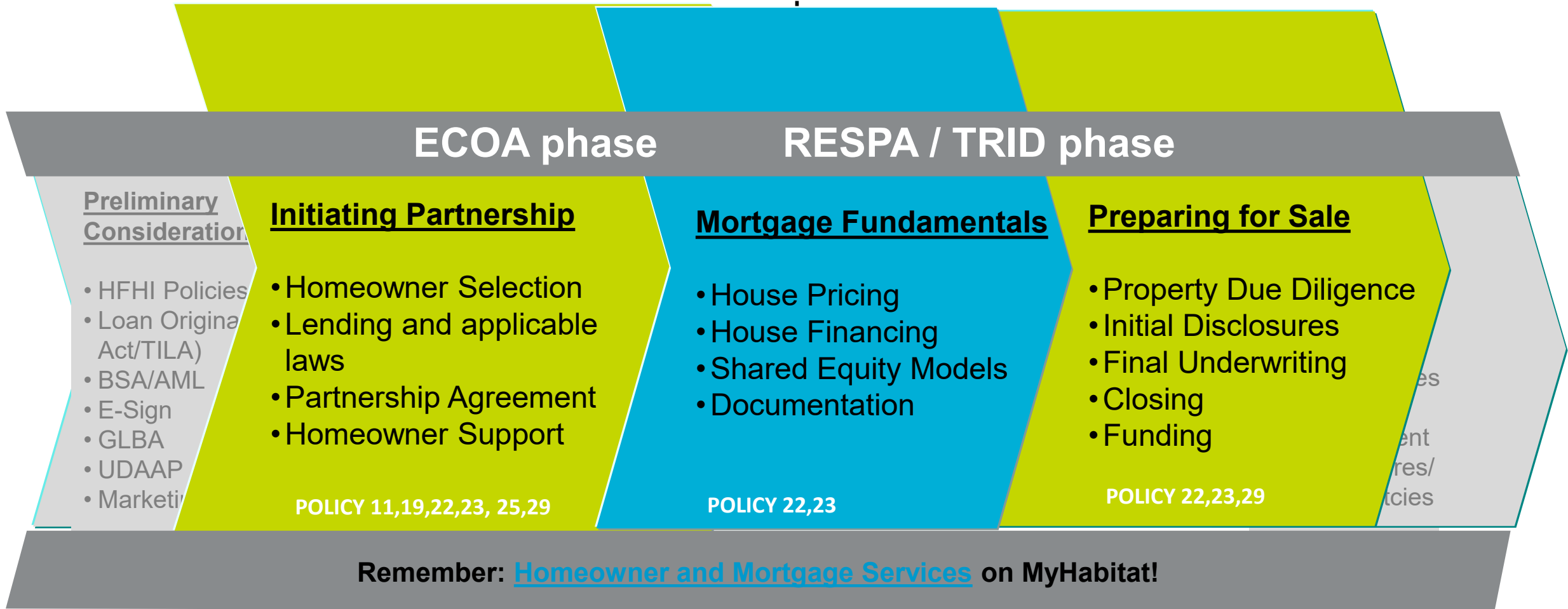


Homeowner Selection Initial Assessment Phase

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Homeowner Selection Process

Initial Assessment (ECOA) phase



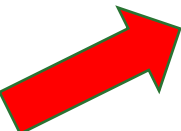
[Mortgage Origination Checklist](#)

Basic Principles for Selection & Support

Legal Compliance & Fair Lending	Governance & Internal Controls	Communication & Transparency	Values
• Know the laws that govern the processes • Policies must incorporate all applicable federal, state and local laws • Policies must be facially neutral, using objective criteria	• Formally adopt policies and procedures • Apply policies and procedures consistently • Have a plan - set goals and monitor them – allows affiliate to make informed decisions • Decisions made in the selection process is a credit decision • Define & ensure internal understanding of roles of Board, Homeowner Selection Committee, other personnel	• Maintain clear & consistent communication; explain components of application initially and throughout process • Manage clear & realistic expectations: applicants must understand affiliate's policies and program requirements	• Equity • Respect • Humility • Courage • Accountability

Habitat Application Process

Two phases, one mortgage origination process



(1) **Initial Assessment phase**, also known by Habitat as the *ECOA phase*, which includes homeowner selection, the application (and screening portions), and homeowner assessment processes that an affiliate might use.

(2) **Final Assessment phase**, also known by Habitat as the *RESPA/TRID phase*, which includes the final assessment, final underwriting, and closing disclosures and processes.



Note that these two phases may overlap. Accordingly, once an applicant begins providing information to the affiliate, determine whether an application is triggered by law or by policy. [Mortgage Origination Checklist](#)

HFH Application – Initial Assessment ECOA Phase

1 application with a 2 Phase Process [Mortgage Origination Checklist](#)

High Level Overview

Program qualifications

- Need
- Willingness to Partner
- Ability to Pay
- Other

Application assessment

- Screening
- Initial underwriting
- Income/asset verification
- Credit review
- Financial readiness
- Home visit
- Board concurrence

Board concurrence

- Provide overview of qualified applicants

Notice of Action Taken Notices

- Partnership Agreement (approval)
- Adverse Action (denial)

Initial Assessment– Program Qualifications

Special Purpose Credit Program – serve **economically disadvantaged persons** - **permits lender to set qualification criteria**

Need

- AMI – financial need
- Substandard housing

Permits the collection of alimony, child support, and maintenance payments for household income to determine program qualifications (need)

Other

- GSA residency
- Legal US residency
- Criminal History

Ability to Pay

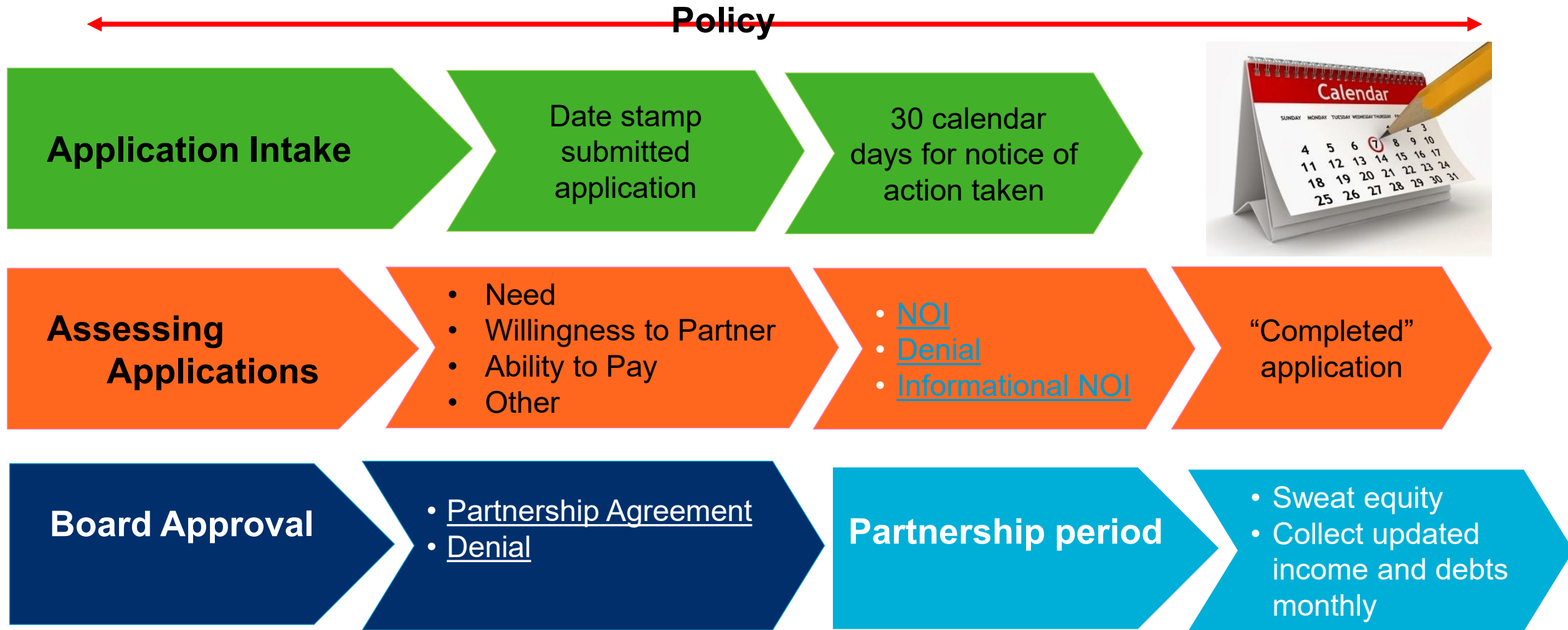
- Underwriting – income and debt verification

Willingness to Partner

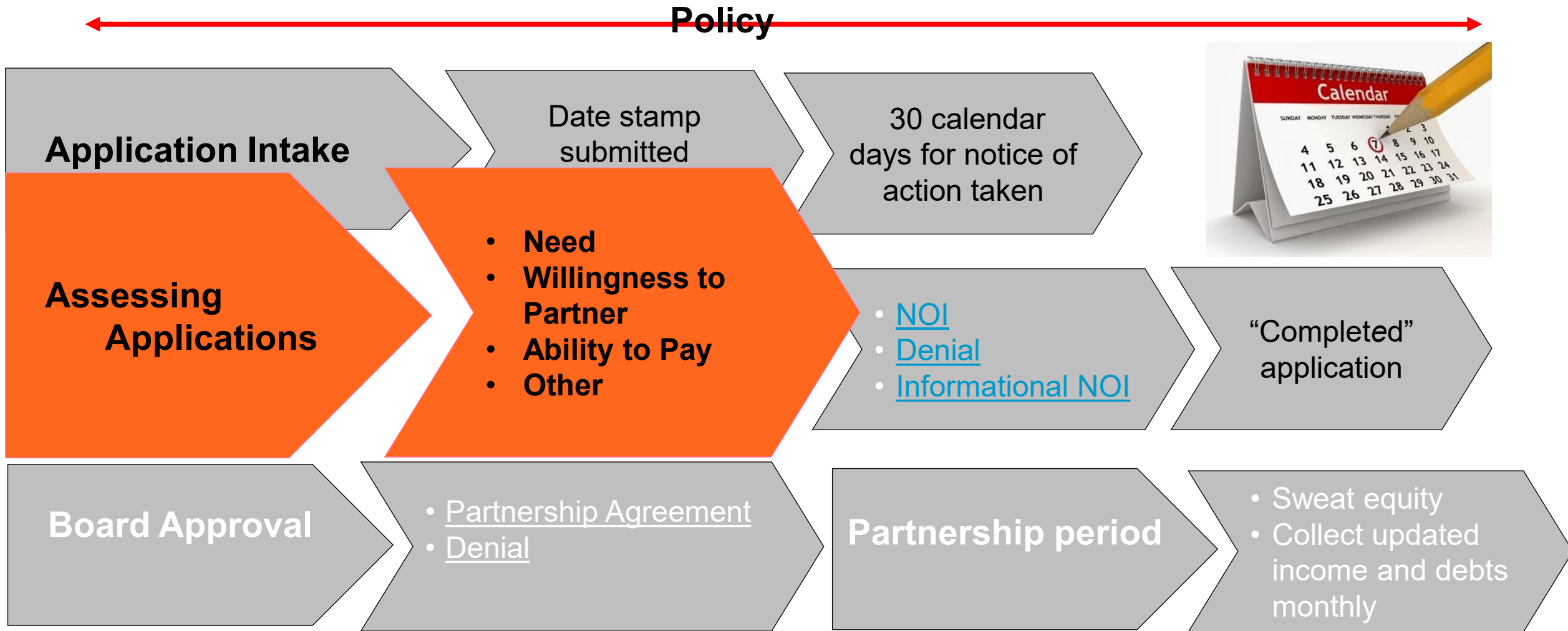
- Willingness to participate in program items

- Consistently apply **policies and procedures**
- Each program criteria must have **objective criteria** to determine eligibility
- **Avoid** any appearance of **impropriety**

Initial Assessment Phase - Overview



Initial Assessment Phase

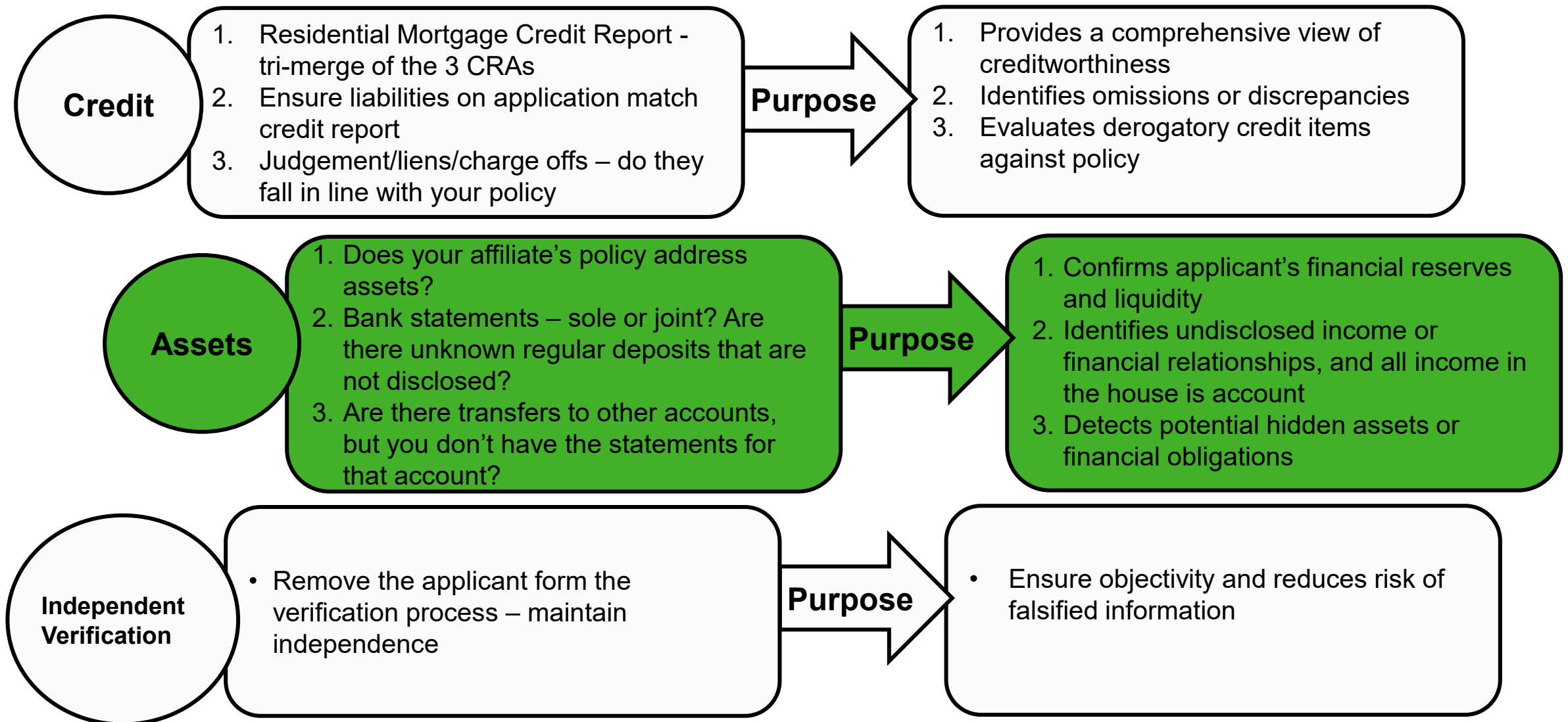


Initial Assessment – Underwriting cont'd

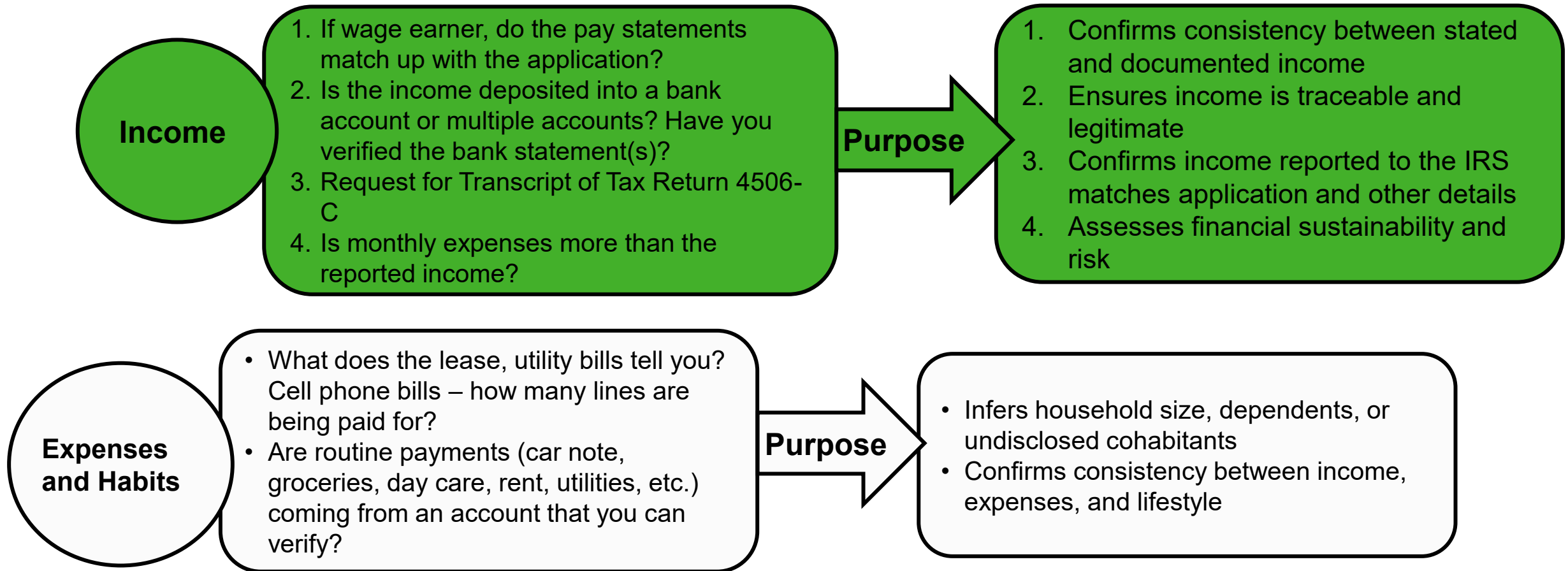
Underwriting – verification of income, assets, employment

- **Policy** must include what the affiliate requires – how do you verify tip income?
- **Procedures** include how to carry out the process
- **Policy** must define:
 - Qualifying income - To Gross-up or not to Gross-up
 - Collection items; judgments; liens; bankruptcy and foreclosure
 - Front and Back-end ratios (policy caps at 30/43%)
 - Assets
 - Down payment and/or Closing Costs
 - Building on land owned by applicant, **lots of risk** Building on applicant land (AOM)
 - When compensating factors will be used
 - If using alternate credit – what time period will be reviewed and what will be acceptable
 - Medical debt treatment
 - Student loan debt treatment
 - **Applicant is co-signer on another debt or authorized user**

Underwriting Basics

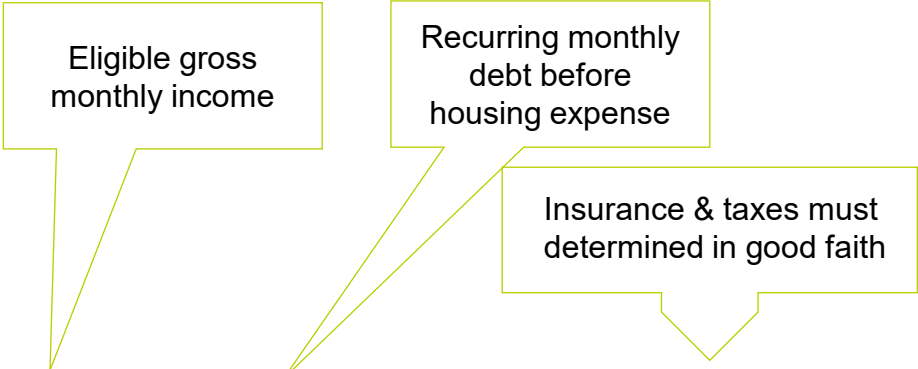


Underwriting Basics



TRUST but VERIFY

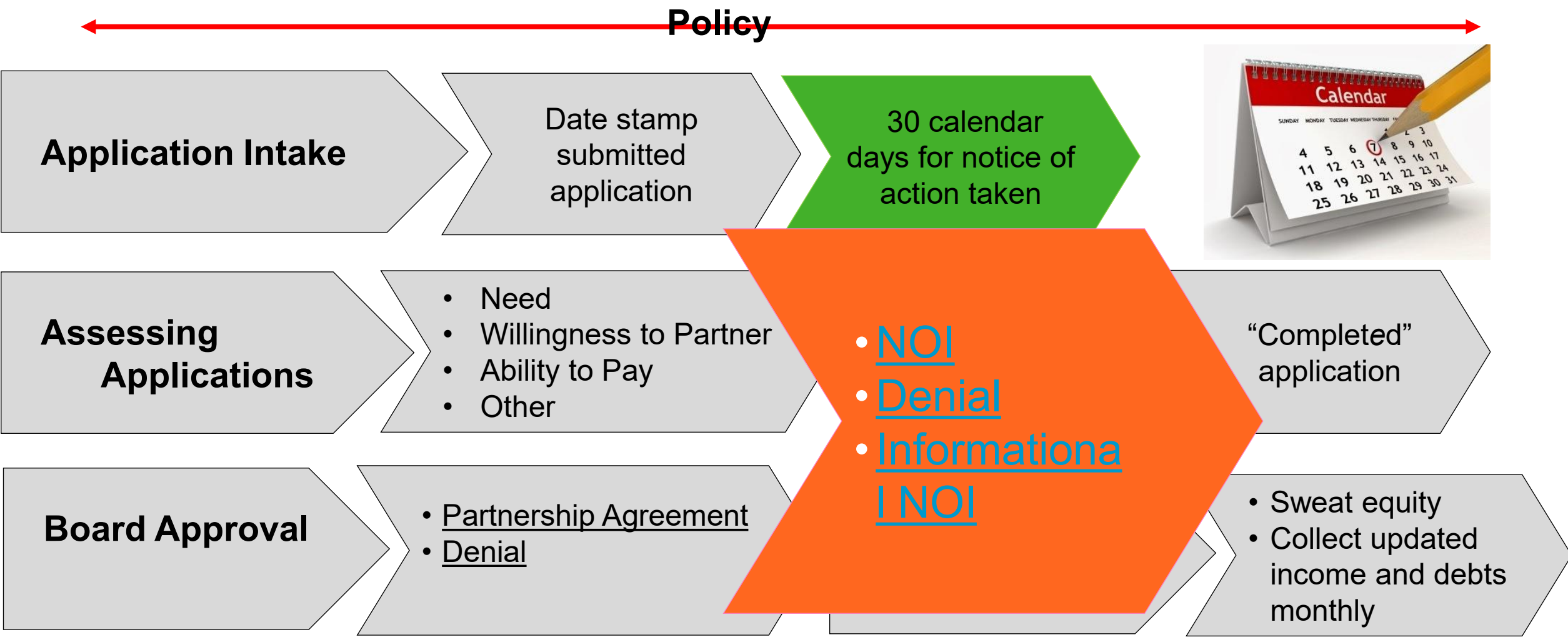
Initial Assessment – Underwriting cont’d



Income	Debt	Insurance	Taxes	Term	1 st	2 nd
\$3,400	\$500	\$108.33	\$118.17	20/240	\$176,520	\$58,480
				25/300	\$220,650	\$14,350
				30/360	\$235,000	\$0

Mortgage Underwriting Calculators

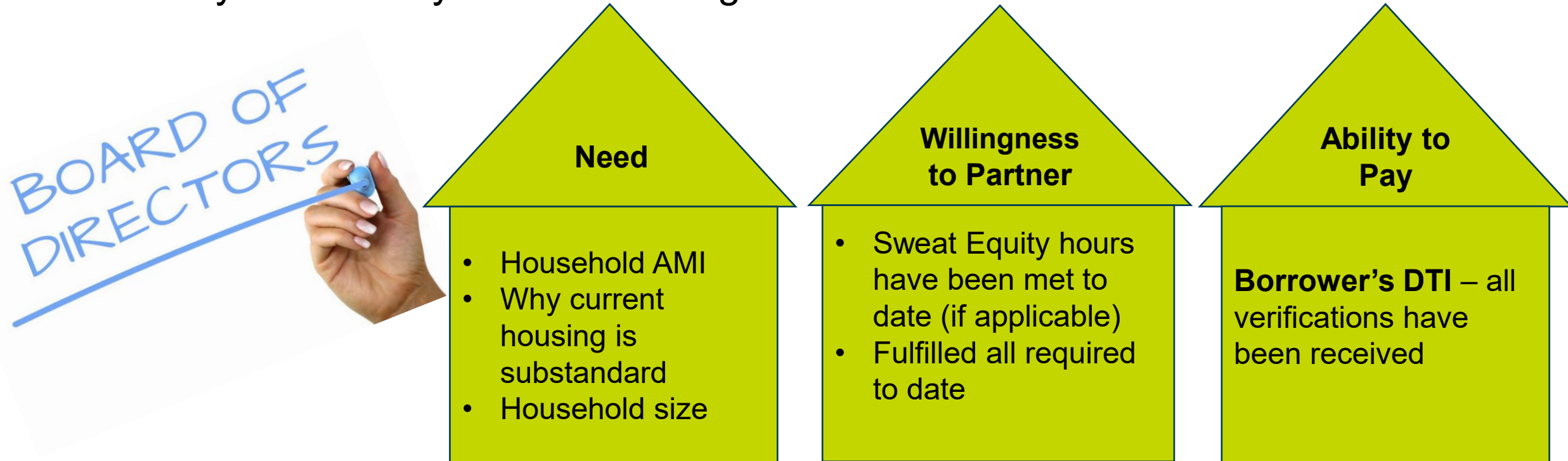
Initial Assessment – Notice of Action Taken



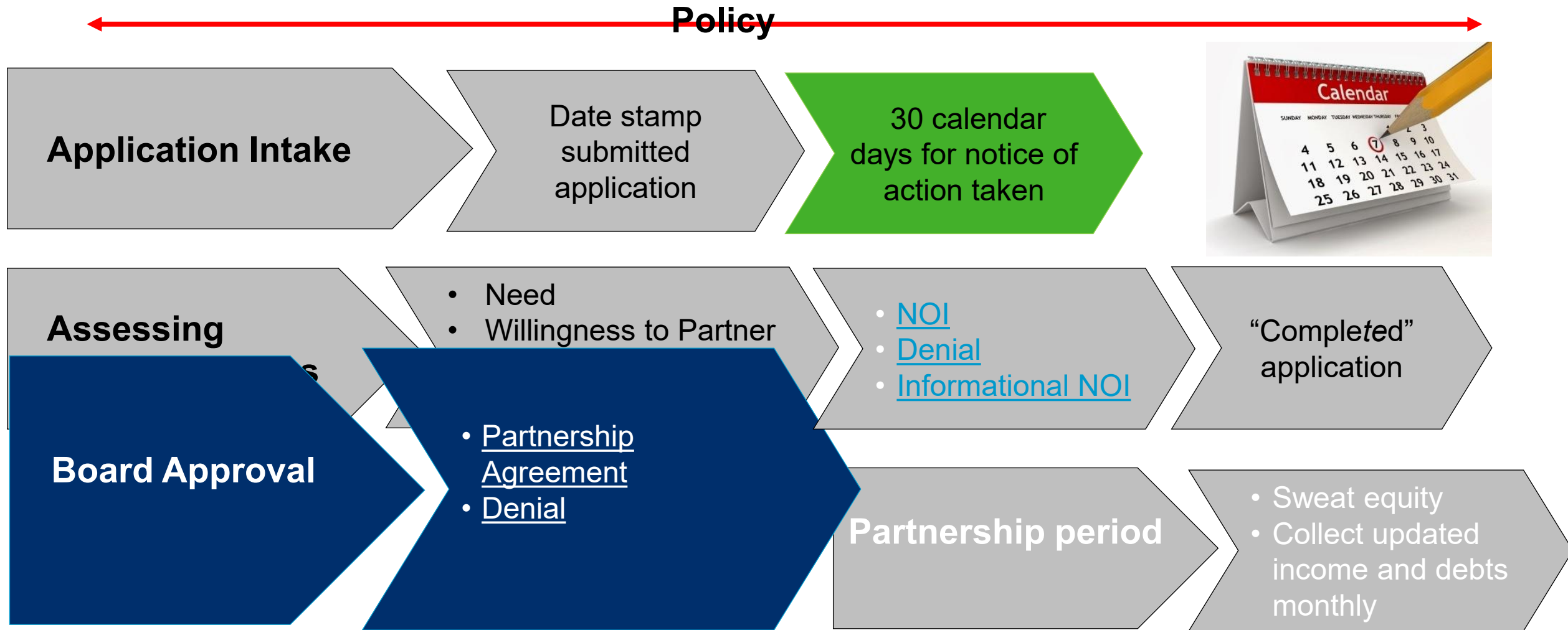
Initial Assessment - Reporting to the Board

Reminder - Fair Lending Protections

- Use a unique identifier instead of names
- Provide a summary
- # of adults and children, who want to stay in the area because of their support – not always necessary to disclose single mother with 3 children



Initial Assessment - decision



Initial Assessment – Approved Applicants

Partnership Period – Homeowner Support

- During this time, regular meetings with applicant(s) – at least monthly
 - Monitor performance to Partnership Agreement
 - Collect updated information
 - This fulfills the ECOA requirement to keep the applicant apprised of their application status
- Lot assignment
- Punch list walk through
- House Closing – coordinate with QLO
- Celebrations - Media Waiver (know the state laws)



ECOA Phase-Approved Applicant cont'd

Deselection only permitted in the following cases:

1. Demonstrated fraud on the application;
2. Failure to complete the requirements set forth in the Partnership Agreement (i.e., sweat equity, homebuyer classes);
3. Negative change in financial condition that would significantly diminish the ability to pay; or
4. Sex offender or Criminal Background conviction – unacceptable based on affiliate policy

Initial Assessment Recap

- Know the applicable state and federal law
- Homeowner selection/origination policy is necessary
- Habitat homeownership program is a Special Purpose Credit Program - ECOA
- QLO must be looped into communication related to buyer
- Distributing applications – cannot restrict or discourage consumers
- Notice of Action Taken notification requirement adherence
- Always Protect the affiliate by not oversharing information to Board
- Approved applicants – **Partnership Period – Support**
- **Deselection can only occur in 4 instances as per Policy 11**

Wealth Preservation

**2025 Alabama State
Conference**



Estate Planning – Why is it important

- Builds generational wealth transfer
- Allows the owner to convey their wishes of asset distribution – rather than state laws or courts
- Done right and not rushed, is comprehensive and thoughtful
 - Comprehensive vs narrow
- Protects beneficiaries
- Avoid probate delays
- Reduce family conflict
- Plan for incapacity
- May not be a one-time event
- Includes different legal documents – all may not be necessary but important
 - Last Will and Testament
 - Trusts (Revocable / Irrevocable)
 - Power of Attorney
 - Advance Healthcare Directive
 - Beneficiary Designations (insurance, retirement accounts, etc.)
 - Guardianship Designation for minor children or pets
 - Transfer on Death Deed
 - Final Arrangements
 - Small Estate Affidavit

Educate don't advise or counsel – refer to trusted legal professionals

Estate Planning – Wills

- Legal document that allows the owner to convey their wishes of asset distribution – rather than state laws or courts
- Most common of all estate planning documents
- State laws governs – AL electronic and holographic wills are accepted with conditions
- Appoint executor
- Designate beneficiaries – including for real estate
- Does not avoid probate, but makes the process smoother
- Does not override joint ownership
- Does not cancel debts or liabilities, including tax liabilities
- Update as major life changes occur

Estate Planning – Transfer on Dead Deeds

Transfer on Death (TOD) deeds

- Know your state law- not recognized in all states
- Legally passes the property to designated beneficiary upon death (no probate)
- Must be properly executed and recorded – changes must be recorded, or TOD can be revoked but not using your will – TOD overrides will instructions
- Mortgages/liens on the property need to be considered

Consider the following:

- Know your state law – TODs:
- Don't avoid Medicaid estate recovery if the state is owed for long-term care expenses;
- Doesn't help with estate taxes or provide asset protection;
- Can cause disputes among heirs
- Does not eliminate the mortgage contract – if mortgage has a balance, payments must be made

House Pricing and Mortgage Structuring & Preparing for Sale

2025 Alabama State Conference

Policy 22 - Sale of the Housing Unit

Sales Price

- Sales price is Fair Market Value NOT Total Development Costs (or Funder's requirements)
- Independent appraisal must be obtained for each property sold
- Affordability is achieved through financing
- CLTV should equal 100% of sales price; if closing costs are financed in the 1st mortgage, CLTV should not exceed 105% (No Upside-Down Mortgages)

Structuring the Sale

- Must convey Marketable Title
- First Right to Purchase must be included (First Offer or First Refusal)
- Lasting Affordability structures are permitted (e.g., land trust/ground lease, deed restrictions) [Lasting Affordability Resource Center](#)

Policy 22 - Sale of the Housing Unit cont'd

Structuring the Sale cont'd

- Shared Appreciation is allowed – but not as a pricing or financing term
- Contracts for deed, land sale contracts, installment land contracts are prohibited

Closing and Record Retention

- Supervised by qualified residential real estate professional in accordance with applicable laws
- Disclosures must be provided within legally prescribed timeframes
- Homebuyers must be provided the reasonable opportunity to understand all relevant information describing the sale and financing of the housing unit

Policy 22 – Fair Market Value vs. Total Development Cost

- Total Development Cost (TDC) is somewhat arbitrary – no 2 affiliates factor the same items in TDC
 - Misleading to donors
 - Vastly different sales price for the same house
- Fair Market Value (FMV) sets a uniform process across all affiliates
 - Minimizes NIMBY; protects market values
 - Reduces over-subsidies, leading to more households being served
 - Transparency in the transaction

Mortgage Structuring / Financing



- Affordability is determined by financing
 - Financing is determined by the income of the borrower(s), not the entire household's
 - Front-end ratio not more than 30% gross income
 - Back-end ratio not more than 43% gross income

Front End Ratio – Housing Expense

- Principal
- Real Estate (Property) Taxes
- Homeowner (Hazard) Insurance
- Flood Insurance (if applicable)

Back End Ratio – Recurring Debts (DTI)

- Car loan
 - Student loan
 - Credit cards
 - *Medical Debt
 - Child Support
 - Housing Expense - front end ratio
- Debts expected to take more than 10 months to repay

Mortgage Structuring / Financing cont'd

Eligible gross monthly income

Recurring monthly debt before housing expense

Insurance & taxes must be determined in good faith



Income	Debt	Insurance	Taxes	Term	1 st	2 nd
\$3,400	\$500	\$108.33	\$118.17	20/240	\$176,520	\$58,480
				25/300	\$220,650	\$14,350
				30/360	\$235,000	\$0

Income	Debt	Insurance	Taxes	Term	1 st	2 nd
\$3,400	\$450	\$108.33	\$118.17	20/240	\$188,520	\$46,480
				25/300	\$235,000	\$0
				30/360	\$235,000	\$0

Lower monthly payment

[Mortgage Underwriting Calculators](#)

Preparing for Sale



Property Due Diligence

Title exam

- Must transfer marketable title to buyer

Flood Determination

- Is flood insurance required?

Owner's title policy is very important to protect investment

Documentation

Promissory Note

- Establishes the borrower's "promise to pay"

Security Instrument

- Mortgage/Deed of Trust/Deed to Secure Debt
- Secures the payment; provides remedies for default, including affiliate's right to foreclose

Conveyance

Deed

- Limited warrant deed (preferred)

Right of Repurchase

- First Right of Refusal (preferred)

Pricing, Mortgage Structuring & Preparing for Sale Recap

- Policy 22 requires sales price to be set at FMV or funders requirement
- Total Development Costs (TDC) no longer a factor in the sales price of a house
- Every house sold must be the subject of an appraisal
- Must have a policy for financing loans – DTI capped at 30/43%
- Front-end ratio includes all fees that will be financed
- Underwriting includes information from interviews, home visit, credit report, independent verification and on the application
- Mortgage structuring can include reducing or increasing the term, or lowering the repayable amount

Pricing, Mortgage Structuring & Preparing for Sale

Recap cont'd

- Property due diligence is important
 - Marketable Title must be transferred to borrower
 - Flood zone requires flood insurance
- Owners title insurance is important to the borrower
- Right of Repurchase – First Right to Purchase is best
- Note and Security Instrument must be accurate
- Must have a policy for financing loans – DTI capped at 30/43%



Final Assessment

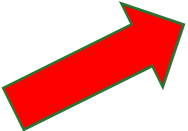
2025 Alabama State Conference



Habitat Application Process

Two phases, one mortgage origination process

(1) **Initial Assessment phase**, also known by Habitat as the *ECOA phase*, which includes homeowner selection, the application (and screening portions), and homeowner assessment processes that an affiliate might use.



(2) **Final Assessment phase**, also known by Habitat as the *RESPA/TRID phase*, which includes the final assessment, final underwriting, and closing disclosures and processes.

Note that these two phases may overlap. Accordingly, once an applicant begins providing information to the affiliate, determine whether an application is triggered by law or by policy. [Mortgage Origination Checklist](#)

Final Assessment – RESPA / TRID Phase

1 application with a 2 Phase Process [Mortgage Origination Checklist](#)

RESPA - High level overview

Triggering event – Ordering of appraisal

Set financing

Provide disclosures

- Initial (TRID or GFE/TIL, state)

Final underwriting

Closing

- Disclosures - CD or HUD-1/TIL, state
- Conveyance documents
- Funding



Federal law defines when a RESPA / TRID application is triggered

Final Assessment



- Ordering appraisal signals RESPA /TRID phase is approaching
 - Define what signals the appraisal
 - Identify who needs to be involved – everyone must be on the same page – ***communication, communication***
- **RESPA / TRID laws defines a completed application**
 - Triggers initial disclosures – TRID or non-TRID
 - Final underwriting – re-pull credit and obtain current income documents as required
 - ECOA - Appraisal must be provided to homebuyer promptly

Final Assessment – RESPA / TRID Integrated Disclosures (TRID) Analysis

TRID Determination

Is your affiliate subject to TILA-RESPA Integrated Disclosure (TRID) rule?

- Determines when a mortgage application is triggered; &
- Governs which initial and closing disclosures to provide to homebuyer and required timeframes

YES, if in the current or prior calendar year:

- More than 5 mortgages; OR
- More than 25 consumer loans (secured or unsecured)

Most soft subordinate mortgages (soft seconds) do not count. Will only count in this threshold calculation if (i) subject to finance charge; or (ii) payable in more than 4 installments

Final Assessment – RESPA / TRID Phase



OMB Approval No. 2502-0265

Good Faith Estimate (GFE)

Name of Originator

Originator Address

Originator Phone Number

Originator Email

Borrower

Property Address

Date of GFE

Purpose

Shopping for your loan

Important dates

This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's *Special Information Booklet* on settlement charges, *Truth-in-Lending Disclosures*, and other consumer information at www.hud.gov/resp. If you would like to proceed with this loan, contact us.

Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can choose the best loan. Use the shopping chart on page 3 to compare all the offers you receive.

1. The interest rate for this GFE is available through . After this time, interest rate, some of your loan Origination Charges, and the monthly payment shown below change until you lock your interest rate.

2. This estimate for all other settlement charges is available through .

3. After you lock your interest rate, you must go to settlement within days (your rate lock expires) to receive the locked interest rate.

4. You must lock the interest rate at least days before settlement.

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

(THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

Applicants:

Prepared By:

Property Address:

Date Prepared:

Application No:

Check box if applicable:

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate	The dollar amount the credit will cost you	The amount of credit provided to you or on your behalf	The amount you will have paid after making all payments as scheduled
%	\$	\$	\$

☐ REQUIRED DEPOSIT: The annual percentage rate does not take into account your required deposit

PAYMENTS: Your payment schedule will be:

Number of Payments	Amount of Payments **	When Payments Are Due	Number of Payments	Amount of Payments **	When Payments Are Due	Number of Payments	Amount of Payments **	When Payments Are Due



OMB Approval No. 2502-0265

A. Settlement Statement (HUD-1)

B. Type of Loan

1. ☐ FHA 2. ☐ RHS 3. ☐ Conv. Unins.

4. ☐ VA 5. ☐ Conv. Ins.

6. File Number:

7. Loan Number:

8. Mortgage Insurance Case Number:

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower:

E. Name & Address of Seller:

F. Name & Address of Lender:

G. Property Location:

H. Settlement Agent:

I. Settlement Date:

J. Summary of Borrower's Transaction

K. Summary of Seller's Transaction

100. Gross Amount Due from Borrower

101. Contract sales price

102. Personal property

103. Settlement charges to borrower (line 1400)

400. Gross Amount Due to Seller

401. Contract sales price

402. Personal property

403.

Habitat for Humanity®

Final Assessment - TILA / RESPA

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED
APPLICANTS

PROPERTY
SALE PRICE

LOAN TERM
PURPOSE
PRODUCT
LOAN TYPE ☐ Conventional ☐ FHA ☐ VA ☐ _____
LOAN ID #
RATE LOCK ☐ NO ☐ YES, until
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on

Loan Terms

Can this amount increase after closing?

Loan Amount

Interest Rate

Monthly Principal & Interest
See Projected Payments below for your Estimated Total Monthly Payment

Prepayment Penalty

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Disclosure

Closing Information
Date Issued
Closing Date
Disbursement Date
Settlement Agent
File #
Property
Sale Price

Transaction Information
Borrower
Seller
Lender

Loan Information
Loan Term
Purpose
Product
Loan Type ☐ Conventional ☐ FHA ☐ VA ☐ _____
Loan ID #
MIC #

Loan Terms

Can this amount increase after closing?

Loan Amount

Interest Rate

Monthly Principal & Interest
See Projected Payments below for your Estimated Total Monthly Payment

Prepayment Penalty

Balloon Payment

Final Assessment Phase

Appraisal Ordered - signals that RESPA phase is approaching

1. Borrower's name;
2. Borrower's monthly income;
3. Borrower's SSN;
4. Property Address;
5. Estimate of value of property; and
6. Loan amount

Initial disclosures are triggered when all 6 or 7 (as applicable) items are present

If affiliate is not subject to TRID, add:

7. Any other information deemed necessary by the loan originator

Federal law defines when a RESPA / TRID application is triggered

Final Assessment – RESPA / TRID Phase

TILA/RESPA Integrated Disclosure (TRID)

Forgivable subordinate liens don't count in the threshold assessment

- Determines when a TRID application is triggered
- **Loan Estimate (LE):** disclosures key features, costs, and risks of the mortgage loan (replaces GFE & Initial TIL Statement)
 - timing of delivery remains the same – within 3 days after TRID application; **GFE and initial TIL statement**, same timing
- **Closing cannot occur before 7 days of the delivery of initial disclosures**
- **Closing Disclosure (CD):** disclosures of all of the costs of the transaction (replaces HUD-1 and Final TIL)
 - Must be provided 3 business days before consummation; **HUD-1 and final TIL Statement**, 24 hrs before consummation.

Final Assessment – RESPA / TRID Phase

1

Order appraisal

- Review completed appraisal, if correct approve it
- Set financing – no more than 30% of GMI for housing expense and no more than 43% for all long-term debts
- FMV is the sales price
- **RESPA / TRID defined application is triggered**

2

Initial Disclosures

- RESPA vs. TRID?
- Within 3 business days of setting financing, provide disclosures to borrower (1st & sub lien(s):
 - RESPA - (GFE) & Truth In Lending statement
 - TRID - Loan Estimate (LE)
 - applicable state disclosures

TRID

Non-TRID

Sub Liens

3

Pre-closing

- Reverify income, employment (as applicable, credit history
- Ensure that all conditions to close are completed (PA)
- Redisclose if required

4

Closing

- Final disclosures TRID vs RESPA – timing requirements
- Conveyance documents
- Funding

Final Assessment Phase – Subordinate Lien

Closing Disclosures – 2nd mortgage

Generally, subordinate mortgages only need a TIL statement (funders may require other disclosures)

Right of Rescission (TILA)

- Only for owner occupied repair products when a voluntary lien will be placed on house
- 2 copies to each title holder
- Borrower (or other title holder) has until midnight of third business day to rescind loan.

Final Assessment Phase Recap

- Also known as final loan closing
- Must know the event that triggers this phase
- Must know which disclosures to issue to borrowers
 - TRID/ non-TRID
- Initial and closing disclosures have legal timelines associated with providing to borrowers
- If a “repair” loan is secured by a mortgage, Right of Rescission is required
- Know retention requirements for origination documents

Record Keeping

GLBA requires safeguarding of customer information

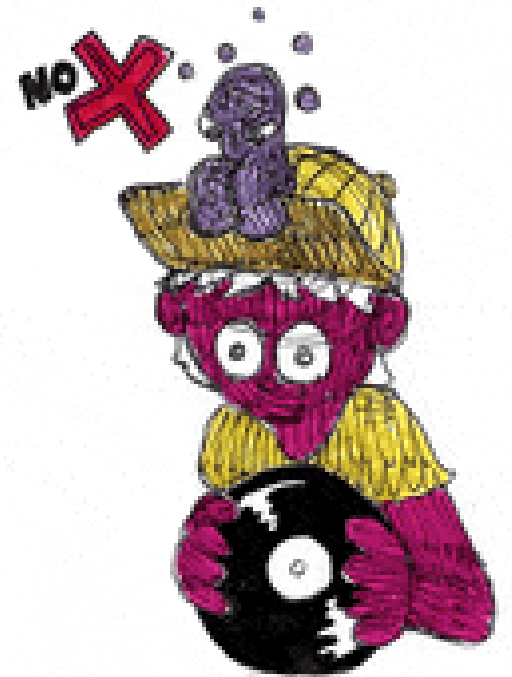
- Files can be electronic or paper
- Limit access to files
- All loan applications including information that led to the decision must be kept for 25 months after date of action taken (ECOA)
- A Closed loan - including all disclosures must be maintained for 5 years after loan closing (RESPA/TILA/TRID)
- Servicing file must be held for 1 year after the loan is paid off or transferred
- Foreclosure Records must be maintained for 5 years after date of Foreclosure

Know your state laws that may have different requirements!

Be mindful of other regulation's requirements (e.g., BSA)



HOW TO HOLD A RECORD



QUESTIONS on Topics covered



Sonia Lee - HFHI

**Director Homeowner
and Mortgage Services
(HoMS)**

Thank you!

Disclaimer: This material is for informational purposes only. I am not a lawyer, and this should not be considered legal advice. You should seek appropriate counsel to obtain advice for your own situation.

Affiliate Support Center

Monday to Friday

8:00am to 8:00pm

or

1-877-434-4435

Reference resources

[Guide to HoMS](#)

[HoMS Top 10 Requirements](#)

[Homeowner Selection AOM](#)

[Homeowner Support AOM](#)

[Mortgage Origination Checklist](#)

[Join the meeting now](#) – Monthly HOA Meetings - Occurs the first Thursday of every 1 month(s)

Appendix

Changed Circumstance

TRID Tolerances

Zero tolerance

Creditors may not charge consumers more than the amount disclosed on the Loan Estimate, other than for changed circumstances that permit a revised Loan Estimate. charges include but are not limited to the following:

- Fees paid to the creditor, mortgage broker, or an affiliate of either
- Fees paid to an unaffiliated third party if the creditor did not permit the consumer to shop for a third-party service provider for a settlement service
- Transfer taxes

10 percent Cumulative tolerance

Creditor may charge the consumer more than the amount disclosed on the Loan Estimate for any of these charges so long as the total sum of the charges added together does not exceed the sum of all such charges disclosed on the Loan Estimate by more than 10%. These charges are:

- Recording fees
- Charges for third-party services where:
 - The charge is not paid to the creditor or the creditor's affiliate; and
 - The consumer is permitted by the creditor to shop for the third-party service, and the consumer selects a third-party service provider on the creditor's written list of service providers..

Without tolerance

Creditors may charge consumers more than the amount disclosed on the Loan Estimate without any tolerance limitation for certain costs or terms, but only if the original estimated charge, or lack of an estimated charge for a particular service, was based on the best information reasonably available to the creditor at the time the disclosure was provided. These charges are:

- Prepaid interest; property insurance premiums; amounts placed into an escrow, impound, reserve or similar account.
- Charges paid to third-party service providers for services required by the creditor if the creditor permits the consumer to shop and the consumer selects a third-party service provider not on the creditor's written list of service providers.

Changes Circumstances - TRID

Revised Loan Estimate (LE)		
<i>Type of Changed Circumstance</i>	<i>Description</i>	<i>What can change</i>
Affecting the settlement charge	1. An extenuating circumstance beyond the control of all interested parties or an unexpected event within the loan transaction; OR 2. Information specific to the consumer or transaction that was inaccurate or changed after the disclosures were provided; OR 3. New information specific to the consumer or transaction.	• Only those charges justified by the reason for the revision may be increased. • Third-party costs: revised LE when the total amount of third-party fees exceeds the 10% tolerance.
Affects the consumer's eligibility	Changes in the value of the subject property or the consumer's credit-worthiness, resulting in the consumer being ineligible for loan terms previously disclosed. <i>For example: The consumer stated annual income is \$30,000, but actual annual income is \$35,000. If this change results in an increase in settlement service charges/loan amount, a revised LE may be provided.</i>	Only those charges justified by the reason for the revision may be increased.

Changes Circumstances – TRID cont'd

Revised Loan Estimate (LE)		
<i>Type of Changed Circumstance</i>	<i>Description</i>	<i>What can change</i>
Borrower requests change	The consumer requests revisions to the credit terms or settlement that affect the LE and cause an increase.	Only those charges justified by the reason for the revision may be increased. If amounts decrease or increase only to an extent that does not exceed the applicable tolerance (0% or 10%), the original LE is still deemed to be in good faith and redisclosure is not permitted.
Expired LE	The Borrower indicates an Intent to Proceed with the transaction more than 10 business days after the initial LE was delivered or placed in the mail to the Borrower.	All charges and terms may change. No justification for changes needs to be documented.

Revised LE must be provided within 3 b-days of receiving the information leading to the change. If a Closing Disclosure (CD) has been issued, a revised LE cannot be provided. The CD will have to be revised.

Cannot revise for technical errors, miscalculations, or underestimations of charges.

Changes Circumstances – TRID cont'd

Revised Closing Disclosure (CD)		
<i>Type of Changed Circumstance</i>	<i>Description</i>	<i>What can change</i>
Changes that occur AFTER delivery of the CD and BEFORE consummation that require a new 3- business- day waiting period .	The disclosed APR becomes inaccurate. if the APR increases more than 1/8 of 1 percentage point (0.125%) above the last-disclosed APR. The loan product changes or the loan product features change. A prepayment penalty is added. (Academy doesn't currently offer loans with a prepayment penalty.)	The consumer must receive the revised CD no later than 3 business days before consummation. An additional 3 business days is required for delivery if not delivered face-to-face unless acknowledgement of receipt is provided by all required parties. In a rescindable transaction, all parties must receive the revised CD.
Changes that occur BEFORE consummation and do not require a new 3-business-day waiting period .	Certain charges will be subject to good faith and tolerance requirements. Provide a corrected CD to the borrower with any terms or costs that have changed that do not require redisclosure with another 3-business-day waiting period.	The CD may be provided to the consumer at consummation; however, if requested by the consumer, Academy must provide the CD one business day prior to consummation for review.

Changes Circumstances - GFE

- Acts of God, war, disaster, or other emergency;
- Information particular to the borrower or transaction that was relied on in providing the GFE and that changes or is found to be inaccurate after the GFE has been provided. This may include information about the credit quality of the borrower, the amount of the loan, the estimated value of the property, or any other information that was used in providing the GFE;
- New information particular to the borrower or transaction that was not relied on in providing the GFE; or
- Other circumstances that are particular to the borrower or transaction, including boundary disputes, the need for flood insurance, or environmental problems.
- Changed circumstances do not include:
 - (i) The borrower's name, the borrower's monthly income, the property address, an estimate of the value of the property, the mortgage loan amount sought, and any information contained in any credit report obtained by the loan originator prior to providing the GFE, unless the information changes or is found to be inaccurate after the GFE has been provided; or
 - (ii) Market price fluctuations by themselves

GFE Tolerances

Zero Tolerance

The fees estimated on the GFE may not be exceeded at closing. These fees include:

- The loan originator's own origination charge, including processing and underwriting fees;
- The credit or charge for the interest rate chosen (i.e., yield spread premium or discount points) while the interest rate is locked;
- The adjusted origination charge while the interest rate is locked; and
- State/local property transfer taxes.

Ten percent tolerance

While each individual fee may increase or decrease, the sum of the charges at settlement may not be greater than 10 % above the sum of the amounts included on the GFE.

This category includes fees for:

- Loan originator required settlement services, where the loan originator selects the third-party settlement service provider;
- Loan originator required services, title services, required title insurance and owner's title insurance when the borrower selects a third-party provider identified by the loan originator; and
- Government recording charges

No tolerance

These fees are not subject to any tolerance restriction. The amounts charged for the following settlement services included on the GFE can change at settlement and the amount of the change is not limited:

- Loan originator required services where the borrower selects his or her own third-party provider;
- Title services, lender's title insurance, and owner's title insurance when the borrower selects his or her own provider;
- Initial escrow deposit;
- Daily interest charges; and
- homeowner's insurance.

Appendix

Initial and closing disclosures

Non-TRID disclosures: 1st lien loans

Requirements	Disclosure
RESPA - Initial disclosures To be delivered to applicants within 3 b-days of receiving : (1) borrower's name; (2) borrower's monthly income; (3) borrower's social security number; (4) property address; (5) estimated value of property; (6) mortgage loan amount sought; and (7) other info needed by lender to make a decision. TILA GLBA	• Good Faith Estimate (GFE) delivered at least 7 business days before closing • CFPB Settlement Cost Booklet • Mortgage Servicing Disclosure Statement • Affiliated Business Arrangement Disclosure (if applicable) • List of Homeownership Counseling Organizations • Intent to proceed • Initial TIL Statement • Written List of Providers (if applicants can shop for services) Initial Privacy Notice*
Closing disclosures Best practice to provide HUD-1 24 hrs. before closing	• HUD 1 (Settlement Statement) • Final TIL Statement • Initial Escrow Statement
Ongoing	• Annual Escrow Analysis • Notice of Transfer (servicing) • Annual Privacy Notice • Escrow Cancellation Notice

TRID disclosures: 1st lien loans

Requirements	Disclosure
TRID RESPA – Initial disclosures To be provided to applicants within 3 days of receiving: (1) borrower’s name; (2) borrower’s monthly income; (3) borrower’s social security number; (4) property address; (5) estimated value of property; and (6) mortgage loan amount sought. Must be delivered at least 7 business days prior to closing GLBA	• Loan Estimate (LE) • Intent to Proceed • Written List of Providers (if applicants can shop for services) • Your Home Loan Toolkit • Affiliated Business Arrangement Disclosure • List of Homeownership Counseling Organizations • Initial Privacy Notice*
Closing disclosures CD must be delivered 3 business days prior to closing.	• Closing Disclosure (CD) • Initial Escrow Statement
Ongoing	• Annual Escrow Analysis • Notice of Transfer (servicing) • Annual Privacy Notice • Escrow Cancellation Notice

RESPA Phase – Subordinate Loan Disclosures

- Most subordinate mortgages are exempt from disclosure requirements under TRID and RESPA, but not TILA
- Must provide TIL disclosure statement, but not GFE or Loan Estimate
- Should also include supplemental disclosure for further transparency

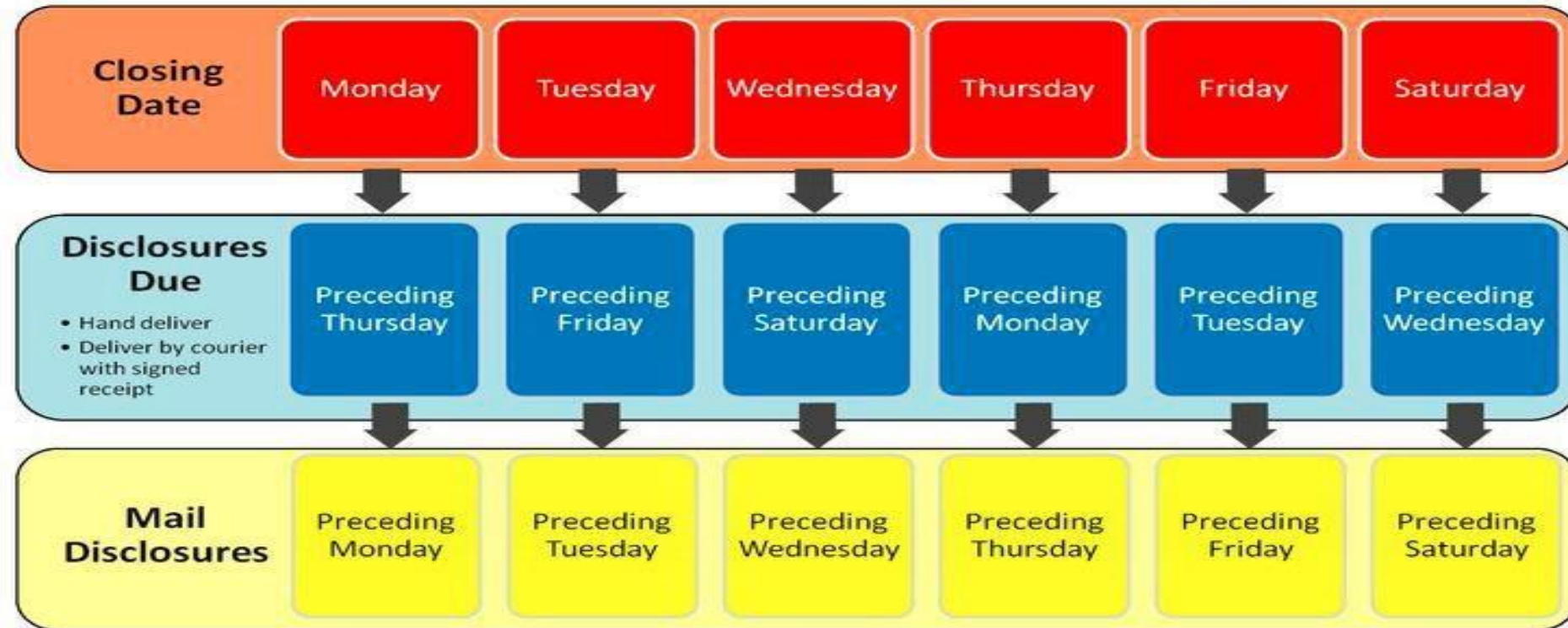
TRID Closing Disclosure Delivery

www.alta.org/cfpb/

Three-Day Closing Disclosure Rule



American Land
Title Association
Protecting the American Dream Since 1907



Note: If a federal holiday falls in the three-day period, add a day for disclosure delivery.

The three-day period is measured by days, not hours. Thus, disclosures must be delivered three days before closing, and not 72 hours prior to closing.

Disclosures may also be delivered electronically on the disclosures due date in compliance with E-Sign requirements.

Homeowner Selection AOM

Chapter 1 – Introduction

About the Homeowner Selection AOM, Ministry & Mission, Overview of the Selection Process

Chapter 2 – Prepare for Homeowner Selection

Getting Organized, Legal, Homeowner Selection Documents, Developing Homeowner Selection Criteria

Chapter 3 – Outreach to Prospective Homeowners

Planning and Implementing Promotional efforts

Chapter 4 – Application Processing

Loan Originator, Obtaining Completed Homeowner Applications, ECOA Requirements, Application Timeline, Qualification & Verification,

Chapter 5 – Selecting the Homebuyer

Final Review, Report to Board, Board Action, Applicant Waiting List

Chapter 6 - Communicate the Decision

Notification - Denial, Notification - Approval, De-Selection

Chapter 7 – Pre-closing, Including Final Underwriting (recertification of applicant)

Final Underwriting of Prospective Homeowner

Chapter 8 – Appendices

Quick Reference Guide to the Appendices referenced in this Manual



[Homeowner Selection Affiliate Operations Manual](#)

Safeguarding

[Safeguarding Behavior Commitments-template](#)

[Safeguarding Officer - U.S. affiliates](#)

[Policy 34 Safeguarding Compliance-Checklist](#)