

National Association of Mortgage Brokers

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Attention: Roy Deloach

Mr. Deloach,

Is NAMB working toward a revision on the current MDIA-HERA disclosure law to allow a Mortgage Broker to fall under the definition of a "Creditor", or "Lender", or simply include "Broker" as a valid source of information under current banking laws? Currently, wholesale lenders are interpreting the MDIA law to read "Creditor/Lender" as the Wholesale Lender only, excluding the Mortgage Broker from participating in the MDIA initial fee timetable.

Wholesale Lenders are rendering the broker's disclosures to be useless in transaction. The Wholesale Lender will only begin the MDIA initial fee restriction "timeline" from the date the Wholesale Lender discloses, not the date the Mortgage Broker discloses. Under current law, The Mortgage Broker is to comply with all RESPA laws.

Here is a recent statement from a large wholesale lender retracting lender required disclosures, allowing initial TIL clock to begin from broker RESPA Disclosures.

As you know our approach for Traditional business is that our TILA, issued at submission, would be used to start the clock and the brokers original TILA would start the clock for Enhanced/Table fund Brokers.

After a thorough review with legal and compliance, we have decided to treat all originations the same and are in the process of changing coding in the system to enable an attestation to trigger at origination for all transactions and remove the 4 day appraisal order waiting period in Brokers 1st. Additionally we are finalizing an exception process to eliminate the 4 day mailing period if there are] .125% changes to the final TILA.

What does this mean for other lenders like Bank of America? This is going to cost a consumer on average \$600.00 per transaction as a result of the additional time delay. A typical package for loan submission to the wholesale lender takes approximately (2) weeks to compile and verify all pertinent documentation. If we follow the wholesale lender's requirements, we will be at week number (3) before ordering the appraisal. This transaction will most likely take 5-6 weeks to close. I do not think this was the intent of the MDIA law.

How can an approved FHA Non-supervised Loan Correspondent be excluded from the process? Was this the intent of the Federal Reserve Board? Is this policy being implemented by the Wholesale Lender approved by HUD, or FHA? Is this

legal?

Please review the following three examples:

UNDER CURRENT LAWS (PRE-MDIA)

- July 1st Telephone application received by broker
- July 1st broker mails disclosures
- July 2-14 Compile all pertinent documents (receive returned disclosures, employment verification, etc.)
- July 7th broker orders appraisal
- July 14th, appraisal received
- July 15th broker submits package to wholesale lender
- July 16th, wholesale lender mails disclosures
- July 20-28th, lender underwrites loan package
- July 30th close loan
- 4 weeks total

NEW MDIA LAW BEGINNING 07/30/09 BASED ON BROKER DISCLOSURES

- August 3rd Telephone application received by broker
- August 3rd broker mails disclosures
- August 4-14 Compile all pertinent documents (receive returned disclosures, employment verification, etc.)
- August 7th first day appraisal can be ordered under MDIA (4) business

day rule (based on broker disclosures)

- August 14th, appraisal received
- August 17th broker submits package to wholesale lender
- August 18th, wholesale lender mails disclosures
- August 20-28th, lender underwrites loan package
- August 30th close loan
- 4 weeks total

NEW MDIA LAW BEGINNING 07/30/09 BASED ON WHOLESALERS INTERPRETATION OF MDIA LAW

- August 3rd Telephone application received by broker
- August 3rd broker mails disclosures (wholesale lenders do not view as valid MDIA source)
- August 4-14 Compile all pertinent documents (receive returned disclosures, employment verification, etc.)
- August 14th broker submits package to wholesale lender
- August 17th, Wholesale lender mails disclosures
- August 20-September 4th , lender underwrites loan package
- August 21st, first day wholesale lender allows broker to order appraisal
- August 31st appraisal received
- September 3-4 Underwriting reviews appraisal (delayed because appraisal ordered so late)
- September 8th close loan (delayed because of late appraisal review)

- 5 weeks total (consumer takes higher rate, or consumer pays more cost for extra week of rate lock averaging \$600.00)
- Appraisal ordered 18-days after brokers disclosed, wasting valuable time, and costing consumer longer rate locks / extensions.

Mr. Deloach, consumers are already paying additional costs to comply with the current HVCC guidelines. It is my hope that the current interpretation of the MDIA law by Wholesale Lenders be revised to include Mortgage Brokers as a valid source of consumer information. Thank you for your time and I look forward to your response.

Respectfully,

Gregory T. Pilch

President

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Bank of America Home Loans Wholesale Lending is committed to keeping brokers informed about changes occurring within the industry. The following communication was created to assist its approved brokers in the interpretation of the changes to the Truth in Lending Act which was amended by the Mortgage Disclosure Improvement Act of 2008 ("MDIA") as well as address the specific process for ordering an appraisal in light of the Home Valuation Code of Conduct ("HVCC").

Mortgage Disclosure Improvement Act ("MDIA")

MDIA was passed in 2008 to make the mortgage financing process more transparent to consumers and to protect consumers by keeping them more informed about the process of obtaining a mortgage. Additionally, the initial Truth-in Lending ("TIL") disclosure has been amended through Regulation Z to address early and final disclosures to consumers and the timing of when fees can be charged.

Home Valuation Code of Conduct (HVCC)

In May 2009, Fannie Mae and Freddie Mac (the "Agencies") implemented HVCC to help enhance the independence and accuracy of the home appraisal process with respect to mortgage loans being sold to the Agencies. Among other things, the HVCC changes the broker's involvement in the appraisal ordering process and requires that borrowers receive a copy of their appraisal report(s) upon completion but no later than three days prior to the closing of their loan.

The modifications to the Truth in Lending Act will apply to all loan applications received by the Wholesale Loan Center on or after July 30, 2009.

Important!

The above changes affect the way you will do business with Bank of America Home Loans Wholesale Lending. Below is a summary.

Please note: For all timing requirements set forth below, "business days" are Monday through Saturday, excluding Sundays and legal public holidays.

1

Loan Submission Requirements

- To enable the lender to mail the initial disclosures, the broker may submit an "Application Package" with a limited set of documents.
- A "Complete Credit Package" must be received by the Wholesale Loan Center within ten (10) business days after submission of the Application Package or the loan will be declined for an incomplete loan application.
- The Loan Submission Checklists will be updated to define the document requirements in each package type.
- When using either option above, the broker will receive confirmation of receipt of the package and the exact date disclosures were mailed.

2

Fee Payment & Collection

- Creditors, mortgage brokers, and any other person are prohibited from collecting any fee from the consumer, other than a reasonable credit report fee until the borrower has received the lender's initial TIL disclosure. The initial TIL disclosure is considered received by the borrower three (3) business days after it is mailed. Accordingly, fees may be imposed on the fourth business day after mailing of the initial TIL disclosure.
- Fees can be paid by the broker at any time. If the consumer withdraws the application, fees cannot be charged to the borrower on the basis of the broker's prepayment of fees. In no event may the borrower be liable for fees imposed prior to the receipt of the initial TIL disclosures.

3

Appraisal Ordering

With respect to loan applications submitted to Wholesale Lending, brokers will have the convenience of ordering appraisals in two ways:

- A consumer (applicant) credit card after the lender's TIL disclosure has been received by the borrower; or
- A broker's (personal or business) credit card prior to TIL disclosure

Note: Other lenders may have different requirements based on their interpretation and application of the HVCC.

4

Annual Percentage Rate Change Provision

If the APR increases by more than 0.125% from the previously disclosed APR, a re-disclosure TIL must be provided to the consumer.

5 Waiting Periods for Loan Closing

- The loan cannot close (i.e. document signing) until seven (7) business days after the initial TIL disclosure has been mailed.
- The loan cannot close until three (3) business days after a re-disclosure TIL is received (when applicable).
- Disclosures delivered via regular mail are considered received by the consumer three (3) business days after they are mailed.

6 Revised Mortgage Broker Fee Agreement

In response to these changes, a revised version of the Mortgage Broker Fee Agreement is required with all loans received by the Wholesale Loan Center on or after July 30, 2009.

Revised Mortgage Process Example:

** 8 DAY WAIT PERIOD*

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
July 26 <i>July 19</i>	27 <i>July 20</i>	28 <i>July 21</i>	29 <i>July 22</i>	30 Wholesale Loan Center (WLC) receives Application Package <i>WLC mails initial TIL & disclosures</i>	31 Initial TIL Day 1	August 1 Initial TIL Day 2
<i>BROKER TAKES APP, SENDS RESTA DISCLOSURES AND COMPLETES APPLICATION</i>						
2	3 Initial TIL Day 3 Disclosure considered received by law	4 Initial TIL Day 4 <i>Earliest date to collect upfront fees (other than credit report)</i>	5 Initial TIL Day 5	6 Initial TIL Day 6	7 Initial TIL Day 7 <i>Earliest date to close if appraisal not required & provided APR did not change more than 0.125%</i>	8
9	10	11 Last day to deliver Complete Credit Package Day 10	12	13	14	15
16	17 Lock Loan APR changes > 0.125% requiring re-disclosure TIL Re-disclosed TIL prepared & mailed	18 Re-disclosed TIL Day 1	19 Re-disclosed TIL Day 2	20 Re-disclosed TIL Day 3 Considered received by law	21 Re-disclosed TIL Day 4	22 Re-disclosed TIL Day 5
23	24 Re-disclosed TIL Day 6 Consumer can sign and close loan	25 <i>NOTE: This example assumes the consumer waived right to review appraisal</i>	26	27	28	29