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## MEMORANDUM

**TO: All Brokers**

**FROM: Ron Voli**

**RE: GFE Acknowledgement Form, RESPA Change Form and Process changes**

**DATE: 1/7/2010**

Effective with all loan applications dated January 1, 2010 the following forms will apply.

### **The GFE Borrower Acknowledgement and Intent Form**

This form (exhibit 1) is to be executed by the borrower(s) to acknowledge receipt of the GFE and the borrower(s) intent to proceed with the loan provided by the GFE.

### **The RESPA Change Form**

This form (exhibit 2) provides information and documents changed circumstances or borrower requested changes. This form is prepared by the Loan Officer and signed by the borrower(s).

These forms will be posted to under the Broker Forms section of our website [www.sfcwholesale.com](http://www.sfcwholesale.com).

These are required forms on loan applications dated January 1, 2010 as part of the new RESPA regulations.

### **IMPORTANT NOTES ON FEES:**

- 1. All Admin/Application Fees:** Must be included as part of "[Our Origination Charges](#)" (GFE Line #1).
- 2. Flood Certification Fee:** Must be included as part of "[Required Services that We Select](#)" (GFE Line #3).

### **REMINDERS:**

**Borrowers must be provided the new GFE for all applications taken on or after January 1, 2010**

**February 15, 2010: Last day to submit loans with an “OLD GFE” (application date *prior* to January 1, 2010 only)**

**March 1, 2010: Last day to close and fund loans with an “OLD GFE” (application date *prior* to January 1, 2010 only)**

**The Origination, Registration / Lock in Process:**

1. Broker takes Loan Application
2. Loan must be registered or Locked with Sidus and the following documents provided to Sidus:
  - Copy of signed application(s) for all borrowers
  - GFE (prepared within 3 days of initial application)
  - Details of all charges in order to prepare TIL
  - List of settlement service providers that was provided to borrower(s)
3. Upon acceptance of your GFE, Sidus will e-mail back to you a disclosure package for the borrower that will include:
  - TIL
  - Itemization of Amount Financed
  - Acknowledgement of Receipt of TIL & GFE  
(MUST BE EXECUTED BY BORROWERS)
  - Notice of Intent to Proceed  
(MUST BE EXECUTED BY BORROWERS)
  - GFE prepared by Broker
4. It is the Broker’s responsibility to make sure that any “Change in Circumstance” resulting in a change in fees be disclosed to the borrower and a new GFE and disclosures issued within 3 days of the occurrence of the change in circumstance. Failure to notify the borrower and correctly re-disclose **within 3 days of the OCCURRENCE of the change in circumstance** would leave the broker responsible for any additional costs resulting from the change in circumstance, see example below:

## EXAMPLE

- 1/6/10 - Broker Locks loan with an assumed credit score of 740+.
- 1/10/10 – Broker receives merged credit report showing a middle credit Score below 740 which would affect pricing.
  - Broker must notify both the borrower and Sidus of the changed circumstance and prepare a new GFE and RESPA Change Form Amended disclosures must be prepared, under MDIA, and provided to the borrower within 3 days of 1/10/10.
  - If the proper re-disclosure, notification and acknowledgement is not done and the file is later submitted to underwriting, Sidus will correct the credit score and adjust the pricing accordingly. However, since more than 3 days have passed since the OCCURRENCE of the changed circumstance, it would be too late to re-disclose and notify the borrower. Therefore, the cost of any pricing change would be borne by the originating broker.

This would be the case with any changed circumstance; lower appraisal causing a higher LTV, subordinate financing, loan amount changes, changes from cash out, extensions, etc. *It is imperative that originators monitor the parameters under which each loan is locked and be aware of any changes to those parameters during the process*  
*It is the broker's sole responsibility to initiate redisclosure and provide the proper notifications of pricing changes due to changes in circumstance.*  
*Failure to do so will prove very costly.*

Please contact our office if you have any questions.