

HELPFUL TIPS FOR ENSURING ACCURATE ANTI-STEERING LOAN OPTIONS DISCLOSURES

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To help Sellers ensure that Land Home's purchase requirements for Anti-Steering Loan Options Disclosures are met, we are providing the following best practices and 'how to' guide.

For the purposes of this document, any reference to Third Party Originators (TPO) includes such business models as wholesale and wholesale table fund and is meant to describe Mortgage Loan Originators (MLO) who:

- originate a Loan that is funded by someone other than their employer, and
- compensation to the MLO is paid by the creditor.

COMMON ISSUES

ISSUE	BEST PRACTICE RECOMMENDATION
The Anti-Steering Loan Options Disclosure was not signed by all borrower(s), or was not disclosed at least one business day prior to closing.	Sellers should ensure their TPOs present the Anti-Steering Loan Options Disclosure early in the origination process and obtain signatures at least one day prior to closing.
The Anti-Steering Loan Options Disclosure does not contain written Loan options.	<ul style="list-style-type: none"> • Require TPOs to use prescribed formats for the disclosure. • Require TPOs to provide correct form prior to processing the Loan application.
The Anti-Steering Loan Options Disclosure contains Loan options that are incomplete, or inaccurate.	Sellers should review the Anti-Steering Loan Options Disclosure for accuracy and completeness early in the Loan origination process to ensure corrections are made prior to Loan closing. Suggestions for the accuracy review are provided below.
Land Home considers defects related to the issues described above as not curable, rendering such Loans ineligible for purchase by Land Home.	

Note: Land Home considers the closing date to be the date the borrower signs the Note, as evidenced by the notary date on the Security Instrument. This includes escrow states.



ENSURING ACCURACY

The Anti-Steering Loan Options Disclosure must accurately disclose written Loan options to all borrowers in order to meet Land Home's purchase requirements. To help ensure accurate disclosure, Land Home highly recommends that Sellers review their Anti-Steering Loan Option disclosures to ensure compliance with the following:

The accuracy review considerations listed on the next page are meant to provide a baseline for Sellers to implement pre-close accuracy reviews and are not intended to be an exhaustive list of accuracy requirements. Sellers should consult their own legal and compliance teams to determine the appropriate accuracy reviews needed for compliance with the safe harbor requirements under Section 226.36 (e)(2) of Regulation Z.

ISSUE	RECOMMENDATIONS AND CONSIDERATIONS
<p>The same Loan terms are listed for all three loan options.</p> <p>The same interest rate and fees are listed for the Loan with the lowest interest rate (Option #1), and the Loan with the lowest points and fees (Option #3).</p>	<ul style="list-style-type: none"> Implement reviews for this early in the origination process to allow time for TPOs to correct the disclosure prior to closing. Require your TPOs to provide supporting documentation. <p><i>Note: Land Home considers these scenarios highly unlikely and will require supporting documentation prior to purchasing the Loan. Purchase of the Loan is at Land Home's sole discretion and review of supporting documentation will result in purchase delays.</i></p>
<p>The Loan terms are the same for the Loan with the lowest interest rate (Option #1) and the Loan with the lowest interest rate without risky features (Option #2).</p>	<ul style="list-style-type: none"> Sellers must ensure this scenario is accurate based on the products offered. Accuracy reviews implemented by Sellers should identify these and supporting documentation should be provided by TPOs to support this scenario.
<p>The Loan with the lowest interest rate (Option #1) does not have the lowest interest rate when compared to the other Loan options.</p> <p>The Loan with the lowest points and fees (Option #3) does not have the lowest points and fees when compared to the other Loan options.</p>	<ul style="list-style-type: none"> Sellers should review their current processes and controls to ensure this scenario does not occur. Implement reviews for this early in the origination process to allow time for TPOs to correct the disclosure prior to closing. <p><i>Note: Land Home considers defects related to these items as not curable, rendering such Loans ineligible for purchase by Land Home.</i></p>

Note: All fees Must be stated in dollars



HELPFUL TIPS FOR ENSURING ACCURATE ANTI-STEERING LOAN OPTIONS DISCLOSURES

Anti-Steering Loan Options Disclosure

Enter loan number and borrower name to expedite processing.

The loan file must contain an Anti-Steering Loan Options disclosure with a transaction type (Field 1) that matches the type of loan being submitted to LHFSW.

Loan Number _____ Borrower Name _____

Dear Borrower:

You have applied for a mortgage loan through _____. To ensure you, the borrower(s), has sufficient information to determine the appropriate loan, we are providing you with the following loan options. These loan options provide you with detailed rate and loan cost information to assist you in choosing the correct loan for your particular financial situation. Carefully review the loan options presented below to ensure you have chosen the appropriate option.

Your Loan Options. For each type of transaction in which you expressed an interest, your mortgage broker has obtained loan options from a significant number of the creditors with which your mortgage broker regularly does business. Your mortgage broker has a good faith belief that you likely qualify for the following loans:

Type of Transaction (check one)	Interest Rate	Total Origination points or fees and discount points (must be in dollars)
<input type="checkbox"/> Fixed Rate Field 1 <input type="checkbox"/> Adjustable Rate		
Option 1 – Loan with the lowest Interest Rate	Field 2	Field 6
Option 2 – Loan with the lowest Interest Rate without negative amortization, a prepayment penalty, interest-only payment, a balloon payment in the first 7 years of the loan, a demand feature, shared equity, or shared appreciation.	Field 3	Field 7
Option 3 – Loan with the lowest total dollar amount for origination points or fees and discount points.	Field 4	Field 8
You are applying for a loan with the following terms	Field 5	Field 9

Option 1 as listed on the disclosure must contain the lowest interest rate.

Option 3 must contain the lowest points and fees of any of the options.

The interest rate and total fees must be completed for each of the three loan options. These fields may not be left blank or N/A.

****Fees Must be stated in dollars****

Fields 2, 3 and 4 may not be zero or a negative number.

Fields 6, 7 and 8 are required and may be zero or a negative number, if applicable.

Fields 5 and 9 should reflect the loan the borrower applied for. These fields should be accurate at the time the disclosure is made. It is acceptable for fields 5 and 9 to vary from the final loan rate and fees.

If you expressed an interest in an adjustable rate loan and if the loan's initial rate is fixed for at least 5 years, the "Interest Rate" disclosed in this document is the initial rate that would be in effect at consummation. If the loan's initial rate is not fixed for at least 5 years, the Interest Rate is the fully-indexed rate that would be in effect at consummation without regard to any initial discount or premium.

This is not a lock-in agreement or a loan commitment. The interest rate and fees described throughout this disclosure are available on the date the document was prepared and they may be subject to change if you have not locked in your interest rate. If your lender offers rate locks you may be required to lock the rate to obtain the rate and origination cost disclosed above. Additionally, even if your loan is locked, the Interest Rate and fees may be subject to change as the loan is underwritten.

If your lender does offer rate locks and you have not locked your loan, please be aware that interest rates move constantly. The way to set a certain Interest Rate and fees is for your mortgage broker to lock your loan. Once you lock your loan, you are agreeing to close your loan within a certain period of time and at a certain interest rate. If you instruct your mortgage broker to lock your loan, your mortgage broker can explain to you the Interest Rate and fees you will pay. Be sure that you understand and are satisfied with the product and terms that have been offered to you.

All borrowers are required to sign and date the disclosure.

Borrower signature date is required to evidence timing of the disclosure and must be at least one business day prior to closing*.

Signed:

_____ Broker Loan Officer Name	_____ Broker Loan Officer's Signature	_____ Date
_____ Broker Entity Name	_____ Broker Entity Address & License Number	
_____ Borrower Name	_____ Borrower's Signature	_____ Date
_____ Borrower Name	_____ Borrower's Signature	_____ Date
_____ Borrower Name	_____ Borrower's Signature	_____ Date
_____ Borrower Name	_____ Borrower's Signature	_____ Date

The broker information is recommended, but not required.

*LHFSW considers the closing date to be the date the borrower signs the Note, as evidenced by the notary date on the Security Instrument. This includes escrow states.

