



New changes to the loan process that could affect borrowers.

New changes in regards to the timing of the Truth in Lending (TIL) statement are effective beginning July 30, 2009 on all new mortgage applications. A TIL is designed to help borrowers understand their financing costs in their entirety. These changes directly impact early and final disclosures to borrowers as well as addresses the timing of when fees can be charged.

The goals of these new requirements are to provide a better understanding to borrowers about their mortgage so they can be more confident about their financing options and to prevent deceptive lending practices.

The changes include...

1. A borrower is now given more time to review the TIL statement.
2. Any time there is a change to the Annual Percentage Rate (APR) of 0.125% (during the loan process), the TIL statement will be resent to borrower to review.
3. Lenders can no longer collect an application fee right away. Now there is a three day waiting period before any application fees can be collected. Lenders can still collect a credit report fee at the beginning of the application process. The only time an application fee can be collected before the three days is if the TIL statement is signed and sent back to the lender prior to that three day period ending.

The borrower plays a key role in this process. To ensure a timely closing, the borrower can...

1. Obtain a pre-approval before searching for a home.
2. Review the timeline and impacts with their loan officer. The borrower should plan on allowing at least 30 days before closing on the home.
3. Understand that the following changes during the loan process could impact the APR and consequentially impact the closing date:

- * Waiting to lock your interest rate
- * Loan amount change
- * Loan program change
- * Closing date change
- * Any changes to fees

As always, we will be sure to take you through each step of the loan process, explaining everything. If you have any questions, please contact your loan officer.

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