Early Release of Closing Disclosure Process – Update – OUTDATED

Refer to Memo No. 17-08-21

NOTE: This communication includes new and previously published material. Sections that were updated on January 30, 2017 are shown in green font. Previously published communications on this topic should be considered outdated; this document, in addition to the Lending Guide, should be referred to for current information.

Overview – Updated
Franklin American Mortgage Company (FAMC) has completed the rollout of our new process that allows the Closing Disclosure (CD) to be delivered earlier than ever; preparation and delivery of the CD can now happen before the loan is cleared to close (CTC) for all customers. Please note some clarifications and improvements that were made throughout the rollout (shown below in green font) to make this process even smoother.

<table>
<thead>
<tr>
<th>NEW Process</th>
<th>OLD Process</th>
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<tbody>
<tr>
<td>For loans in UW Received status but not yet CTC:</td>
<td>✓ Q.docs can be input and Required Closing Documents (RCDs) uploaded prior to CTC but cannot be finalized and processed until CTC.</td>
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<td>✓ Processing in Q.docs can occur up to 10 business days prior to the Closing/Note Date;</td>
<td>✓ The CD cannot be prepared or delivered until after the loan is CTC.</td>
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<td>✓ Preparation of the CD can begin up to 7 business days prior to the Closing/Note Date; and</td>
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<tr>
<td>✓ Delivery of the CD to the borrower(s) can occur up to 4 business days prior to the Closing/Note Date.</td>
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From a customer service perspective, it may be beneficial to inform borrowers about the following information prior to requesting an early CD:

- Sending a CD does not guarantee loan approval; terms of the loan are subject to change based on final underwriting review and/or approval.
- As stated in Memo No. 17-01-27, all applicable required waiting periods still apply. If, for example, a borrower does not waive their right to review the appraisal or FAMC does not have that disclosure on file, the closing date must comply with all regulations and waiting periods, even if a CD is sent with an earlier closing date.

New Process Details – Updated

1. Provide FAMC with the estimated closing date.
   - Brokers: Input the estimated closing date in the Q.disclosures portal.
   - EMB Lenders: Enter the estimated closing date on the Loan Status screen prior to loan submission upload.
   
   This date is editable by customers on the Loan Status screen thereafter.

2. Loans in UW Received status may be processed in Q.docs prior to the estimated closing date.
   - RCDs may be uploaded at any time in the loan process.
   - Q.docs can be processed up to 10 business days in advance of closing; the closing department will begin review 7 days prior to closing.
To ensure the loan closes on time, all RCDs (including the preliminary CD from the settlement agent) must be submitted as soon as 10 business days but no later than 4 business days prior to the closing date, or the closing date may need to be rescheduled.

3. Once Q.docs has been processed and all RCDs have been received, reviewed, and approved by the closing department, they will begin the preparation of the CD. The CD will be completed and sent the following business day.

4. FAMC will send the CD to the borrower(s) no sooner than 4 business days prior to the closing date provided that:
   - All conditions have been received* or the loan has been fully cleared to close;
   - The appraisal, if applicable, has been received and the appraised value is equal to or greater than the estimated value entered at the time of registration; and
   - The loan is locked through the funding date.

*Upon review, additional conditions may be required.

5. FAMC will release the closing package to the settlement agent once the loan is CTC by underwriting and the CD has been acknowledged by the borrower(s). As a reminder, once the CD is disclosed and acknowledged by the borrower, there remains a five business hour turn time for the release of closing documents once loans are CTC.

Please contact your Account Executive if you have any questions. We thank you for your continued business!