

To: All Brokers

From: Michigan Mutual Management

Date: October 15, 2012

Re: Amended Minimum Requirements for Anti-Steering Loan Options Disclosures

The Federal Reserve Board’s anti-steering rule contains a safe harbor whereby a loan originator is deemed to comply with the anti-steering rule if, under certain conditions, the consumer is presented with a choice of certain loan options.

Michigan Mutual, Inc. (MMI) requires the Anti-Steering Loan Options Disclosure to be presented to a consumer in all third party originated transactions in which the third party originator is paid by the lender.

Failure to comply with the requirements below will cause the application to be suspended.

To help you deliver loans that meet the requirements for an Anti-Steering Loan Options Disclosure, we have outlined below the minimum requirements that must be met for the Anti-Steering Loan Options Disclosure to be acceptable.

Action Required by Broker

- Submit to MMI the Anti-Steering Loan Options Disclosure on all third party transactions in which the third party originator is paid by the lender. **MMI requires this disclosure to be submitted with the initial loan package.**
- If there is a change in circumstances (such as a change in loan type) that requires re-disclosure to the borrower, the amended disclosure must be submitted no later than one business day prior to closing *or the closing will be delayed.*
- In order for Loans to be acceptable to MMI, the Anti-Steering Loan Options Disclosure must be accurately completed and all signatures/dates must be present.
- The Anti-Steering Loan Options Disclosure must be signed by all borrowers who will be listed on the Note and be presented to the borrower(s) at the time the Loan Originator has sufficient information to complete the disclosure. In order to avoid delays, we recommend including the properly completed Disclosure at the time of loan submission.

The Anti-Steering Loan Options Disclosure must contain the following loan options to meet MMI requirements:

Type of Transaction (check one)		Interest Rate	Total origination points or fees and discount points
<input type="checkbox"/> Fixed Rate <input type="checkbox"/> Adjustable Rate			
Option 1	Loan with the lowest Interest Rate →	_____ %	\$ _____
Option 2	Loan with the lowest Interest Rate without negative amortization, a prepayment penalty, interest-only payments, a balloon payment in the first 7 years of the life of the loan, a demand feature, shared equity, or shared appreciation →	_____ %	\$ _____
Option 3	Loan with the lowest total dollar amount for origination points or fees and discount points →	_____ %	\$ _____
<input type="checkbox"/> <i>Broker acknowledges by initialing this box that Options 1 and 2 are the same because broker does not offer products with the features described in Option 2 above.</i>			
You are applying for a loan with the following terms →		_____ %	\$ _____

Instructions for Completion

1. Complete Loan Number
2. Complete Borrower Name
3. Complete Type of Transaction (Fixed Rate or Adjustable Rate)
4. Complete the “Interest Rate” and “Total origination points of fees and discount points” sections for Options 1, 2 and 3.
5. If applicable, broker must initial where indicated an acknowledgement that Options 1 and 2 are the same because broker does not offer products with the features described in Option 2.
6. Complete the “Interest Rate” and “Total origination points of fees and discount points” section titled “You are applying for a loan with the following terms.”
7. Complete where indicated for Broker Loan Officer Name, Broker Entity Name and Broker Entity Address & License Number.
8. Ensure the Disclosure is signed and dated, where indicated, by the Broker Loan Officer and by each borrower.

Note: A different anti-steering form may be used in lieu of the one provided by MMI, as long as the requirements outlined in this memo are met. The only two items that are not required on other versions of the disclosure are the broker acknowledgement field described in item 5 above and the ““You are applying for a loan with the following terms” section.

Ensuring Accuracy

- The loan options must be an accurate reflection of the circumstances at time of disclosure and as listed on the Anti-Steering Loan Options Disclosure form. For example, the option with lowest rate must truly be the available lowest rate for the product applied for.
- The terms for which the borrower applied must be reasonably close to the terms disclosed in the Option that most resembles the product for which the borrower applied.
- The terms stated in the section “*You are applying for a loan with the following terms*” must match the terms on initial signed 1003 application.
- Brokers are required to disclose loan options for each type of transaction in which the consumer expressed an interest.
- The Disclosure must contain loan options that are of a similar type of transaction as the Loan submitted for approval. For example, an application for a fixed rate loan must reflect a Disclosure that addresses fixed rate options.
- In completing the disclosure, brokers must – in good faith – present loan options for which the consumer likely qualifies and include loan options from a significant number of creditors with which the originator (broker) regularly does business.
- A sample Anti-Steering Loan Options Disclosure is attached.

If	Then
Options 1 and 2 match	The Disclosure is acceptable only if the broker does not offer products with negative, amortization, a prepayment penalty, interest-only payments, a balloon payment in the first 7 years of the life of the loan, a demand feature, shared equity, or shared appreciation.
Options 1 and 2 match	The broker must initial the acknowledgement that Options 1 and 2 are the same because broker does not offer products with the features described in Option 2.
If Options 1 and 2 are the same and the broker acknowledgement is not initialed by the broker, or if the information matches in error	The file will be suspended until the Disclosure is corrected, signed and submitted.
Options 1 and 3 match	The Disclosure will not meet regulatory requirements and the application will be suspended until the Disclosure is corrected, signed and submitted.
Options 2 and 3 match	The Disclosure will not meet regulatory requirements and the application will be suspended until the Disclosure is corrected, signed and submitted.
The Disclosure is not fully and correctly completed, signed and dated	The file will be suspended until the Disclosure is fully and correctly signed and submitted.

If you have any questions, please contact your MMI Account Executive.