

Compliance Focus Areas – California

Application Disclosures

Copies of Signed Documents (Mailed Applications):

- This disclosure only applies for mailed applications.
- There is no signature or date requirement.

Addendum to the Uniform Residential Loan Application (URLA) FNMA 1003 (Credit Married Applicant Disclosure):

- Must be dated at time of application for retail/correspondent loans.
- Must be dated when submitted to UW for broker loans.
- Only applicable if any of the borrower(s) are married.

Addendum to Residential Mortgage Loan Application (a/k/a Domestic Partner Disclosure):

- If separate disclosure from 1003, verify dated prior to close.
- Only required for unmarried borrowers.

The Housing Financial Discrimination Act of 1977 Fair Lending Notice (Calyx Fair Lending Notice Disclosure):

- Retail and Broker loans must list Department of Business Oversight as contact agency. Correspondents must list their CA regulator.
- Must be dated at time of application for retail/correspondent loans.
- Must be dated when submitted to UW for broker loans.
- Must be signed by Borrower.

Hazard Insurance Disclosure:

Verify dated prior to closing.

Comparison of Sample Mortgage Features Disclosure:

- Must be dated within three days of application for retail/correspondent loans.
- Must be dated within three days of submission to UW for broker loans.
- Only required on interest only loans.

Marital Rights

- California is a community property state.
- Non-borrowing spouses are required to sign the Mortgage, CD and Right of Rescission (if applicable). For non-community non-homestead property, non-borrowing non-titled spouse does not need to sign but we need to have established with certainty that property is sole and separate property of spouse. Need to require an interspousal grant deed from non-borrowing non-titled spouse in order to extinguish the community property rights and homestead rights of the non-borrowing non-titled spouse. Otherwise, lien is voidable.

Predatory Lending

- UWM does not originate or purchase high-cost loans. A high-cost loan is defined in CA as:
 - Where the APR exceeds the interest rate on comparable US Treasury securities by more than 8% or the total points and fees exceed 6% of the total loan amount.

Closing Practices

California is a dry funding state. Borrower shall not be required to pay interest on principal for more than one day prior to the date loan proceeds are disbursed. The title company must order funds no more than one day before Borrower can close.