

## Instructions on Anti-Steering Loan Options Disclosure

### Overview

The Federal Truth-In-Lending Act and Regulation Z prohibit Loan Originators from directing or “steering” borrower(s) to consummate a loan based solely on the fact that the Loan Originator will receive greater compensation from the Lender in a particular transaction than in other transactions the Loan Originator offered or could have offered, unless the loan is in the borrower’s interest.

To comply with the “Anti-Steering” Rule, **First Guaranty Mortgage Corporation will require that Wholesale Loan Originators present a disclosure of loan options to the Borrower(s) for each type of loan in which the borrower expresses an interest.** An Anti-Steering Loan Options Disclosure is required for all transactions where a Wholesale Mortgage Loan Originator is compensated by someone other than the borrower (i.e. when borrower is selecting the lender-paid option). An Anti-Steering Loan Options Disclosure must be acknowledged by the borrower(s) and be presented to the borrower(s) at the time the Loan Originator has sufficient information to complete the disclosure.

### Requirements

The “Anti-Steering Safe Harbor Disclosure” must contain the following requirements:

1. The Disclosure must list all of the following loan options for which the borrower likely qualifies from a significant number of lenders with whom you regularly do business (*e.g.*, three):
  - The loan with the lowest interest rate (“risky” features allowed)
  - The loan with the lowest interest rate without any “risky” or “negative” features, such as negative amortization, prepayment penalty, interest-only payments, balloon payment in the first seven years, demand feature, shared equity, or shared appreciation
  - The loan with the lowest total dollar amount for origination points or fees and discount points
2. The Disclosure must be accurate at the time it is given, which should be as soon as the originator has enough information to prepare it.
3. You must give a separate Disclosure for each type of loan in which your borrower expresses an interest. Your Disclosure must list three options for each loan type in which your borrower is interested.
4. One loan option may meet more than one disclosure requirement; for example, the loan with the lowest interest rate also may be the loan with the lowest interest rate without any risky features. However, we now **require that the Anti-Steering Disclosure contain at a minimum, two (2) different options.** In cases where one loan is used to satisfy two of the three disclosure requirements, you may be required to provide supporting documentation to verify that the single option met both of those requirements.
5. The Disclosure must be signed by the borrower(s).



