

# **Family First Credit Union**

## **Lending Policy**

### **Real Estate Lending Policy**

#### **General Policy Statement:**

The Credit Union will originate residential first mortgage loans and HELOC real estate loans in compliance with all applicable federal and state laws and regulations. Mortgage loans will be held in portfolio and reviewed annually by the Asset/Liability Management Committee.

#### **General Guidelines**

First mortgages and first and second HELOC mortgages may be granted to members of Family First Credit Union following the processes stated in the Credit Union's lending policy. Members may apply for these types of mortgage loans, as long as the membership requirements are met.

Real estate loans may be granted when funds are available but may not exceed 35 percent of the Credit Union's total assets.

#### **Loan Types**

The Credit Union offers the following types of residential real estate loans:

	<b>Duration</b>	<b>Terms</b>
First Mortgage	30 years	Fixed rate and payment
HELOC	6 years	6 year repayment, open-end line of credit
Unimproved Loan	15 years	Fixed rate and payment

#### **Terms and Limits**

First mortgage real estate loans and HELOC real estate loans may be granted up to the maximum mortgage limit set by the state's Department of Banking & Finance or by the Credit Union's credit committee with approval of the Board of Directors. Maximum limit per member for all loans secured by real estate is \$500,000.

The following positions have the authority to approve real estate loans and limits as follows:

President	\$350,000
Vice President of Lending	\$250,000
Branch Manager	\$ 75,000
Chief Financial Officer	\$100,000
Three members of the credit committee	\$500,000

#### **Pricing of Fees and Interest Rates**

Real estate loan pricing methods will be consistent with current market conditions and the

Credit Union's ability to offer competitive products.

Interest rates will be determined after considering the following factors:

- Rates of competing lenders in the Credit Union's market area.
- Rate of any mortgage company with which the Credit Union has entered into an agreement to originate or sell mortgages.
- The long-term anticipated cost of funds.
- The Credit Union's strategy for growth or shrinkage of the mortgage loan portfolio.
- For portfolio first mortgage loans, the Vice President of Lending will complete the interest rate form that computes the recommended interest rate based on the following:
  - Current market rates.
  - Adjustment for adding the loan to our portfolio.
  - Credit Score
  - Debt to income ratio.
  - Loan to value.
  - Owner or non-owner occupied.

Mortgage interest rates are to be recommended by the Credit Union President and/or the Vice President of Lending. This enables the Credit Union to respond to the volatility of the marketplace. Exceptions can be made by the President if it is in the best interest of the Credit Union.

### **Types of Property**

Real estate loan properties are intended to be owner-occupied, non-owner occupied and non-commercial as defined in secondary market guidelines. The following types of properties meet those guidelines:

- Single family.
- One- to four-family (with one unit occupied by the owner).
- Manufactured housing meeting the following criteria:
  1. The unit is permanently affixed to a foundation.
  2. Wheels, axles, and hitch are removed.
  3. Purchase of land and unit represent a single real estate transaction.
  4. Financing is evidenced by a mortgage or deed of trust in the land records; a combination of real estate mortgage and chattel or title registered with the Secretary of State is not acceptable.
  5. The unit and land must be taxed as real property.
  6. The unit must meet Federal Manufactured Home Construction and Safety Standards.
- Planned unit development.
- Condominium.
- Federal, state, and local housing authorities.
- Federal or state-chartered banks and savings and loan associations.

The Vice President of Lending and the President will consider all criteria outlined in the credit underwriting standards. In particular, they will focus on:

- Income stability.
- Monthly housing expense ratio and debt levels.
- Asset/net worth ratio.
- Purpose of the loan.
- The signature(s) of borrower(s).
- The amount requested.
- A listing of each borrower's assets and liabilities.
- A statement of each borrower's income.
- A specific identification of the property.

### **Appraisals**

Appraisers will use the Uniform Standards of Professional Appraisal Practice in determining market value and shall document the results of the appraisal on the FNMA/FHLMC Uniform Residential Appraisal Report. The appraiser shall be state-certified or licensed and have no interest in the subject property. The Credit Union will follow the requirements of NCUA Part 722 (Appraisals), pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), as well as Regulation Z appraisal requirements. All employees will follow the official appraisal policy.

### **Disclosures**

Family First Credit Union will provide all loan applicants with all state and federal disclosures that are necessary for the loan transaction within the time restraints to which the applicable forms must be sent.

### **First Mortgage Loan General Policy**

First Mortgage Loans are generally offered by the Credit Union through Member First Mortgage. Application package is listed on Family First Credit Union's website with an on-line landing page to apply through Member First Mortgage. Member First Mortgage is responsible for the processing and closure of loan. All real estate loans completed with Member First Mortgage will be in compliance with all applicable federal and state laws and regulations.

The Credit Union will review and keep on file Member First Mortgage policies, maintenance policies, selling policies, contract obligations, license number and any other policies pertinent to Family First Credit Union.

If Member First Mortgage cannot provide an approval to a loan request or otherwise meet the member's needs, the Credit Union will review the application to determine whether or not we can hold the loan on our portfolio.

### **Closing Costs**

The closing costs on all first mortgage loans processed through Member First Mortgage will not be paid by Family First Credit Union.

### **First Mortgage Loan Portfolio Requirements and Documentation**

1. Completed application along with the following preparation documents:
2. Provide the required disclosures to the borrower within the timeframe prescribed by RESPA and federal regulatory agencies.
3. Obtain a current standard mortgage credit report on all parties applying for a loan.
4. Members First Mortgage will obtain the following:
  - Copy of Driver's License.
  - Most recent pay stubs showing year-to date earnings (at least 30 days).
  - W-2's for previous two years.
  - All pages of most recent Asset Statements covering two full months.
  - All pages of complete signed and dated Federal tax returns, including all schedules (past 2 years).
  - All pages of most recent 401K/ retirement statement.
  - Copy of last mortgage statement (for refinance transactions).
  - Purchase Agreement signed by all parties (for purchase transactions).

If Applicable:

- Social Security income award letter.
  - Most recent pension/retirement monthly statement.
  - Disability income award letter.
  - Completed gift letter signed and dated by gift source and all borrowers.
  - Divorce Decree (all pages).
  - If self-employed or commissioned, most current year-to- date Profit and Loss statement.
  - Proof of child support.
  - Bankruptcy papers (all pages).
5. Follow the Credit Union's loan policy guidelines to determine if the member(s) is creditworthy and has the ability to repay. Calculate the current debt ratio before and after the loan. Calculations are based on gross income and are to follow standard underwriting guidelines.
  6. Obtain a current written appraisal from an outside qualified, independent appraiser. All employees will follow the official appraisal policy.
  7. Determine whether the subject property is located or will be located in a special flood hazard area (SFHA) and follow flood determination procedures. Arrange for flood insurance if necessary.
  8. An approved loan must be documented by the President, Chief Financial Officer, Vice President of Lending, or Credit Committee.
  9. Once the loan is properly approved, Members First Mortgage will complete the closing and follow all state and federal rules and regulations.
  10. After completing the closing of the loan, ensure the prompt recording of the mortgage, releases of paid-off loans, and other appropriate documents in the proper county book of records.
  11. Complete mortgage file, including a copy of the:
    - Loan preparation documents.
    - Loan closing documents from attorney.
    - Appraisal and appraisal audit
    - Signed Flood determination form.

- Final title declaration.
- Receipt of the recorded mortgage deed.

### **Use of Third Party Brokers and Correspondents**

Before entering into a relationship with a third party broker or correspondent, the Credit Union will adhere to its Vendor Due Diligence and Oversight policy.

1. **Due Diligence.** Specifically, with regard to mortgage brokers and correspondents, the Credit Union will perform the following due diligence:
  - a. **Background Check** - The Credit Union will perform a background check on the business and the key individuals involved in the transactions. This check will include: complaints filed against those parties, licensure status (where applicable), and past and current lawsuits. The Credit Union will obtain this information from the Better Business Bureau, the Federal Trade Commission, state agencies, credit reporting agencies, and current and past clients.
  - b. **Business Practices and Operations/Potential Conflicts of Interest** - The Credit Union will determine whether the third party has a sound business model for long-term operations. The Credit Union will also determine who has a controlling interest over companies providing related services to the broker and/or correspondent (i.e., appraisers, title companies, insurance companies, etc.).
  - c. **Financial Standing** - The Credit Union will investigate the third party's financial condition; will determine whether its cash flow is adequate; and will obtain independently audited financial statements.
  - d. **Accounting Considerations.** The Credit Union will understand the sources of the third party's cash, as well as how cash flows through the third party's operation and between all of the parties involved. The Credit Union will obtain an independently verification of cash flows, and will ensure that every third party complies with Generally Accepted Accounting Principles (GAAP) in maintaining their account records.
  - e. **Internal Controls.** The Credit Union will ensure that each third party has sound internal controls to help prevent fraud and abuse, as well as to ensure compliance with consumer laws and regulations.
  - f. **Contracts and Legal Review.** The Credit Union will obtain a legal review of its contracts with brokers and correspondents, and will ensure that the following issues will be addressed:
    - Adequate default, termination and escape clauses.
    - An agreement that the third party will comply with all applicable laws.
    - A stipulation that the third party will use its best efforts to ensure loans offered to borrowers are consistent with each borrower's needs, objectives and financial situation.
    - The Credit Union's right to not to purchase, or to put back on the broker or originator, any loans that fail to comply with the above standards.

- The Credit Union's contract or other agreement for credit transactions secured by a dwelling (including a Home Equity Line of Credit) will not include terms that require arbitration or any other non-judicial procedure to resolve any controversy or settle claims arising out of the transaction.
2. **Monitoring.** The Credit Union will monitor the relationship to ensure that the fees paid to third parties are legitimate; that mortgage applications are complete and do not contain fraud; that referral or unearned income of fees are legal and not contrary to RESPA prohibitions; and will review the quality of each loan by origination source in an effort to uncover incomplete packages and early payment defaults.
  3. **Controls.** The Credit Union will ensure that adequate controls are in place in order to ensure:
    - a. Adherence to board established lending policies and risk parameters. A sample of loans underwritten by brokers or correspondents will be reviewed for compliance with board policies, applicable regulations and written agreements to determine whether ongoing loan quality is maintained. Additional targeted loan reviews will be performed based on any performance concerns of a third party, such as increasing default rates, foreclosure rates, complaints, and/or higher than average fees charged to borrowers.
    - b. For portfolio loans, the loan approval authority is not delegated to the broker, and that all loan underwriting criteria and subsequent modifications are approved by the Credit Union.
    - c. Broker and correspondent reports are accurate, timely, and contain sufficient detail to adequately monitor activity.
    - d. Loan fees, terms and practices are not predatory.
    - e. The Credit Union is obtaining appraisals directly, or the quality of completed appraisals is adequate.

### **Home Equity Line of Credit Loan General Policy**

Home equity loans allow qualifying borrowers to obtain credit based on the equity in their home. The Credit Union offers open-end home equity loans. Open-end credit allows qualifying borrowers to draw against a pre-authorized line of credit.

### **HELOC Guidelines**

Members who have at least three years of service with their employer may apply for up to 90% of the appraised value of their primary residence or 80% of the appraised value of their non-owner occupied property less the amount owed on a first mortgage. Minimum amount is \$10,000.00. The annual percentage rate is the current WSJ Prime rate and is subject to change each June and December as the WSJ Prime rate changes. The annual percentage rate floor is currently 5 percent and the ceiling is currently 11.50%.

### **HELOC Property Requirements and Documentation**

1. Completed HELOC application along with the following preparation documents:

- Copy of warranty deed.
  - Proof of homeowners insurance with proper limits to cover property.
  - The last tax assessment value or most recent appraisal.
  - The most recent statement from your current mortgage company.
  - Notice of right to copy of appraisal with waiver.
  - Proof of income.
2. Provide the required disclosures to the borrower within the timeframe prescribed by RESPA and federal regulatory agencies.
  3. Obtain a current standard mortgage credit report on all parties applying for a loan.
  4. Obtain current documentation for each party's employment income.
  5. If needed, obtain a current person's financial statement.
  6. Follow the Credit Union's loan policy guidelines to determine if the member(s) is creditworthy and has the ability to repay. Calculate the current debt ratio before and after the loan. Calculations are based on gross income and are to follow standard underwriting guidelines.
  7. Obtain a current written appraisal from an outside qualified, independent appraiser. All employees will follow the official appraisal policy.
  8. After obtaining the appraisal and determining market value, observe the following loan limits:
    - First & Second Mortgage Primary Residence - 90 percent.
    - First & Second Mortgage Non Owner Occupied- 80 percent.
  9. Determine whether the subject property is located or will be located in a special flood hazard area (SFHA) and follow flood determination procedures. Arrange for flood insurance if necessary.
  10. An approved loan must be documented by two signatures from either the President, Chief Financial Officer, Vice President of Lending, or Credit Committee.
  11. Once the loan is properly approved, refer the loan to our closing attorney to obtain a title search and to prepare the closing documents.
  12. After completing the closing of the loan, ensure the prompt recording of the mortgage, releases of paid-off loans, and other appropriate documents in the proper county book of records.
  13. Complete mortgage file, including a copy of the:
    - Loan preparation documents.
    - Loan closing documents from attorney.
    - Signed Flood determination form.
    - Final title declaration.
    - Receipt of the recorded mortgage deed.

### **Closing Costs**

1. The Credit Union will agree to pay all of the normal closing costs associated with the making of the Home Equity Line of Credit, provided that the Borrower takes one or more advances against the Line of Credit totaling at least \$10,000 during the first six (6) months from the date hereof, and further provided that the Borrower maintains an outstanding principal balance on the Line of Credit of at least \$10,000

for a period of at least ninety (90) days from the date the principal balance on the Line of Credit reaches a \$10,000 principal balance.

2. Normal closing costs associated with our Home Equity Line Of Credit will include only standard costs including attorney's standard fee, title search and cost related to above. Any nonstandard conditions requiring additional cost will be paid by the member.

### **Home Equity Loan Account Management**

The Credit Union will have risk management techniques that identify higher risk accounts and adverse changes in account risk profiles, in order to enable management to implement timely preventive action (i.e., freezing or reducing lines). Account management practices will be appropriate for the size of the portfolio and the risks associated with the types of home equity lending. Annually, the Credit Union will complete the "Home Equity Line of Credit Review" for all members that have a HELOC. The effective account management practices for all risk portfolios include the following:

1. Periodically refreshing credit risk scores on all members.
2. Periodically assessing utilization rates.
3. Periodically assessing payment patterns, including borrowers who make only minimum payments over a period of time, or those who rely on the line to keep payments current.
4. Monitoring home values by geographic area.
5. Obtaining updated information on the collateral's value when significant market factors indicate a potential decline in home values, or when the borrower's payment performance deteriorates and greater reliance is placed on the collateral.
6. The Credit Union will conduct annual credit reviews of HELOC accounts to determine whether the line of credit should be continued, based on the borrower's current financial condition.
7. Authorizations of over-limit HELOCs will be restricted.

### **Unimproved Property Loan General Policy**

Members may apply through Member First Mortgage for an unimproved property loan to purchase or refinance an existing unimproved property located in Georgia for a maximum of 180 months. Family First Credit Union does portfolio unimproved property loans. Normal down payment is 20 percent. Down payment can be adjusted based on creditworthiness.

1. **Credit Evaluation** - Before making or recommending an unimproved real property loan, Member First Mortgage will analyze and document the ability of the borrower to repay the loan. The Credit Union President and/or the Vice President of Lending will be responsible for obtaining sound valuations and approvals of collateral accepted as security for an unimproved real property loan.
2. **Collateral Requirements** - All unimproved real property loan requests will contain an analysis of the Credit Union's collateral position. This will include, but is not limited to, the following specifics:
  - **Valuation** - How the Credit Union determined the value of the collateral.



- **Appraisal** - Each loan application for raw land will require the standard land appraisal.
- **Control** - How the Credit Union can exercise control over the collateral.
- **Examination** - On a periodic basis, the Credit Union will perform an examination of the value of the collateral. The Credit Union will examine the unimproved real property loans to determine that they are adequately collateralized based upon their current value and the outstanding loan balance.

### **Unimproved Property Loan Portfolio Requirements and Documentation**

1. Completed application along with the following preparation documents:
2. Provide the required disclosures to the borrower within the timeframe prescribed by RESPA and federal regulatory agencies.
3. Obtain a current standard mortgage credit report on all parties applying for a loan.
4. Members First Mortgage will obtain the following:
  - Copy of Driver's License.
  - Most recent pay stubs showing year-to date earnings (at least 30 days).
  - W-2's for previous two years.
  - All pages of most recent Asset Statements covering two full months.
  - All pages of complete signed and dated Federal tax returns, including all schedules (past 2 years).
  - All pages of most recent 401K/ retirement statement.
  - Copy of last mortgage statement (for refinance transactions).
  - Purchase Agreement signed by all parties (for purchase transactions).

#### **If Applicable:**

- Social Security income award letter.
  - Most recent pension/retirement monthly statement.
  - Disability income award letter.
  - Completed gift letter signed and dated by gift source and all borrowers.
  - Divorce Decree (all pages).
  - If self-employed or commissioned, most current year-to- date Profit and Loss statement.
  - Proof of child support.
  - Bankruptcy papers (all pages).
5. Follow the credit union's loan policy guidelines to determine if the member(s) is creditworthy and has the ability to repay. Calculate the current debt ratio before and after the loan. Calculations are based on gross income and are to follow standard underwriting guidelines.
  6. Obtain a current written appraisal from an outside qualified, independent appraiser. All employees will follow the official appraisal policy.
  7. Determine whether the subject property is located or will be located in a special flood hazard area (SFHA) and follow flood determination procedures. Arrange for flood insurance if necessary.
  8. An approved loan must be documented by the President, Chief Financial Officer, Vice President of Lending, or Credit Committee.

9. Once the loan is properly approved, Members First Mortgage will complete the closing and follow all state and federal rules and regulations.
10. After completing the closing of the loan, ensure the prompt recording of the mortgage, releases of paid-off loans, and other appropriate documents in the proper county book of records.
11. Complete mortgage file, including a copy of the:
  - Loan preparation documents.
  - Loan closing documents from attorney.
  - Appraisal and appraisal audit
  - Signed Flood determination form.
  - Final title declaration.
  - Receipt of the recorded mortgage deed.

### **Flood Insurance**

The Credit Union will not make a loan secured by a building, or mobile home on a permanent foundation, that is located in a special flood hazard area for which flood insurance is available, unless the building is covered by flood insurance for the term of the loan. This applies to all originations, extensions, refinances, and renewals of loans over \$5,000 or with a repayment term greater than a year.

1. **Term** - The borrower must maintain flood insurance for the term of the loan, unless flood map revisions determine that the underlying collateral is no longer in a designated flood hazard area.
2. **Coverage** - The policy amount must cover the loan amount or the maximum amount available under the National Flood Insurance Program, whichever is less.
3. **Escrow** - If the Credit Union escrows taxes and insurance, then it must also escrow the flood insurance premiums. The escrow account will be subject to the escrow requirements of the Real Estate Settlement Procedures Act (RESPA). Following receipt of notice from the Director of FEMA or other provider of flood insurance that premiums are due, the Credit Union will ensure that payment is made to the insurance provider from the escrow account on the date when such premiums are due.
4. **Notification; Forced Placement** - The Credit Union will determine whether flood insurance is required and promptly notify prospective borrowers of the need to acquire flood insurance within 45 days, at the borrower's expense. If the borrower fails to provide evidence of flood insurance within 45 days of notification, the Credit Union will purchase flood insurance for borrower at borrower's expense.
5. **Records** - The Credit Union will maintain records documenting the method used to determine the need for flood insurance and notices sent to borrowers.

### **Determination and Notice of Flood Hazards**

The Credit Union will comply with NCUA Part 760 regarding the determination of loans in areas having special flood hazards.

1. **Determination** - For all loans made, increased, extended or renewed that are secured by a building or mobile home located or to be located in or not in a special flood hazard area, the Credit Union will complete the standard flood hazard

determination form developed by the Director of the Federal Emergency Management Agency (FEMA). This applies to loan originations, extensions, refinances, and renewals. The Credit Union will retain a copy of the completed form for as long as the Credit Union owns the loan.

2. **Fee** - The Credit Union may charge a reasonable fee for determining whether the building securing the loan or mobile home is, or will be located, in a special flood hazard area. The portion of the cost for the life-of-loan monitoring will be disclosed as a finance charge pursuant to Regulation Z.
3. **Notice** - If the building securing the loan or mobile home is in a special flood hazard area, the credit Union must:
  - Notify the borrower and the loan servicer of the special flood hazard within a reasonable time which is at least ten (10) days before completion of the transaction, the requirement for the purchase of flood insurance, whether flood insurance coverage is available from the National Flood Insurance Program, and whether federal disaster relief assistance may be available in the event of flooding. The Credit Union will retain a written receipt by the borrower and the loan servicer of this notice for as long as the Credit Union owns the loan. Notice may be provided to the servicer electronically.
  - Notify the Director of FEMA, or the Director's designee, of the loan servicer. To ensure that the insurance policy is maintained in full force, the Credit Union will send this notice to the insurance carrier that issued the insurance policy so that the mortgagee endorsement can be updated. The Credit Union will notify the Director of FEMA of any change in the servicer of a loan within sixty (60) days after the effective date of the change.

## Servicing

1. **Crediting Payments.** The Credit Union will credit all mortgage loan payments as of the date of receipt, except when a delay would not result in any charge to the member or in the reporting of negative information to a consumer reporting agency.
  - **Non-Conforming Payments.** In the event the Credit Union specifies, in writing, reasonable requirements for making payments, and a member makes a non-conforming payment, the Credit Union will credit the account within 5 days of receipt.
2. **Providing Loan Payoff Statements.** The Credit Union will provide a loan payoff statement within five (5) days of a member's written or oral request. Prior to delivering this statement, the Credit Union will take reasonable measures to verify the identity of those purporting to act on behalf of a member, and will obtain the member's authorization to release information to any such persons before the five (5) day's timeframe begins to run. The payoff statement may be sent electronically, by fax, or physical delivery.

## Loan Watch

Since residential real estate loans constitute large balances and long maturities, they shall be monitored regularly so that the amount of obligation and potential percentage of

portfolio is understood. Board reports closely monitor past dues and collection efforts.

### **Property Taxes Paid from Mortgage Escrow Accounts**

If the Credit Union services mortgage loans, it will follow HUD's suggestions regarding annual versus installment disbursements for paying property taxes.

1. For each such loan, the Credit Union will total all payments associated with paying property taxes annually (if permitted) and all payments associated with paying in installments (if permitted).
2. If the total associated with annual payments is less, the Credit Union will pay the property taxes annually. If the total associated with paying in installments is less, the Credit Union will pay installments. If funds in the escrow account are insufficient to make a property tax payment, the Credit Union will advance funds to make the payment unless the borrower is more than 30 days past due.

### **Subordination**

Typically, subordination arises when there are two existing mortgages, a first mortgage and a second mortgage, and the mortgagor intends to refinance the first mortgage. If the holder of the second mortgage does not subordinate the lien of its mortgage to the new mortgage, the new lender will not refinance the first mortgage. However, the second mortgage holder does not want to release its mortgage and re-file, due to additional costs and priority problems, so it will subordinate its lien to the lien of the replacement mortgage. The Vice President of Lending will complete a Subordination Agreement Review Worksheet to analyze the request. After a complete review, the Credit Union can agree to subordinate its lien position if it is in the Credit Union's best interest. Usually, the subordination is only allowed when a member is refinancing his or her first mortgage.

### **Other Guidelines**

1. All mortgage loans will be in compliance with current guidelines regarding the Dodd-Frank Act, any additional guidelines implemented by the Consumer Finance Protection Bureau, and guidelines set in Real Estate Settlement Procedures Act. It is understood that all other conditions regarding real estate loans as prescribed in the bylaws and the state Department of Banking & Finance shall govern such granting.
2. Family First Credit Union will not encourage default on an existing loan or other debt pending closing a home loan that refinances the existing loan or debt.
3. Family First Credit Union will not charge a fee for early payoff or prepayment of a loan. Also, there will be no fee for quoting a payoff or faxing a payoff to another creditor. All requests must be answered within five (5) business days.
4. It is understood that all exceptions to Family First Credit Union's real estate guidelines will be handled and approved by three members of the credit committee. Upon approval, these exceptions will be documented.

### **Consumer Complaints**

If a complaint does arise involving any of the loan types, the following policies and procedures will be administered:

1. The Vice President of Lending and Branch Manager will review the complaint with the President. Then, if needed, we will present the complaint to our attorneys.
2. After full review from our attorneys, we will decide the best course of action to protect the Credit Union's best interests.
3. After full review, if Family First Credit Union is in violation of any regulations, we have the opportunity to cure the situation if mistakes are made under the law in good faith:
  - Within 90 days of closing, and prior to receiving notice from the borrower of the compliance failure, for any AFLA violation.
  - Within 90 days of discovery, and prior to receiving any notice of the compliance failure, as long as the compliance failure was (1) not intentional, (2) resulted from a bona fide error, (3) notwithstanding the maintenance of procedures reasonably adopted to avoid such errors.