



**MFM Bulletin: 017-2024**

**Date:** June 19, 2024

**Subject:** Funding Authorization Process Updates

MFM is making updates to our Funding Authorization process in an effort to increase accuracy, eliminate errors, and ensure state-specific requirements are met. **All changes are effective with Closings scheduled on or after July 1, 2024.**

**Why Are We Making These Changes?**

- MFM has been using this Funding Authorization process with many of our Partners for several years. We have made the decision to follow industry standards and expand this practice to all loan Closings.
- Assist with eliminating errors on Closing Documents, prior to funding:
  - When using a Hybrid eClosing, less time will be required to review signed closing documents, as most documents are completed accurately through eClosing controls.
- Enables MFM to confirm all documents were signed correctly at the Closing - while borrowers are still immediately available:
  - Minimizes the need for borrowers to return to the Settlement Agent to sign any missing parts of the documents they already have signed.
- State-Specific Rules:
  - Certain states require “wet funding” (all documents submitted and approved by closing) or “dry funding” (funds disbursed on or after closing).
  - Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Mexico, Oregon, and Washington are dry funding states. All others are considered wet funding states.

**Explanation of the Funding Authorization Process**

After Closing, but prior to title company disbursing any proceeds of the mortgage, the following Funding Authorization procedures are in place:

- Closing instructions to the Settlement Agent will include directions to send MFM copies of all executed closing documents and copies of photo ID (for all borrowers) PRIOR to disbursing loan proceeds. Loan may NOT fund until MFM has reviewed all closing documents and provided the Title Agent with a Funding Authorization Number indicating funds may be disbursed.
- Closer will review the signed closing documents for accuracy.
  - If there are any corrections or additional information required, the closer will reply immediately with any feedback.
  - If everything received is correct and nothing missing, the Funding Authorization will be given immediately.



- Closer will obtain the actual date of disbursement from the Title Agent:
  - If loan is disbursing on the same date indicated on the Closing Disclosure (CD), no further documentation is required.
  - If loan will disburse on a date later than the date indicated on the CD,
    - Closer will issue a corrected CD with the new disbursement date and new amount of interest collected.
    - Closer will generate a letter to the borrower which explains changes made on the CD.

**Funding Authorization:** Once all loan closing issues are cleared, a funding authorization number is given to the Title Agent which authorizes them to disburse loan proceeds.

Please contact our Closing & Disclosures Manager, Sarah Kopke ([sarah.kopke@memberfirstmortgage.com](mailto:sarah.kopke@memberfirstmortgage.com)) if you have any questions or concerns.

**Attend our next Mastering Mortgages webinar on Wednesday, June 26<sup>th</sup> for more information on the Funding Authorization process: [Webinar Registration - Zoom](#)**

Thank you