



Wells Fargo

Settlement Agent Communications

News for Wells Fargo Settlement Agents

June 23, 2014

RESPA/TILA disclosure reform and the new Closing Disclosure

Wells Fargo participates in many industry conferences, agent meetings and other industry events to stay in touch with the title and settlement professionals who close our loans across the country. At the National Settlement Services Summit held recently in New Orleans, a speaker commented that compliance is *"not just doing it right"*, but also being able to *"prove that you did it right."*

As activities accelerate industry-wide to prepare for the RESPA/TILA changes which become effective August 1, 2015 there is a noticeable increase in questions and conversations related to the new Closing Disclosure form which will replace the HUD-1 and final TIL forms. It is no surprise that most of the current industry buzz is focused on the requirement that the consumer receive the Closing Disclosure no later than 3 business days prior to closing. While retooling processes industry-wide to enable this change is unquestionably important, from the lender's perspective there are other significant details within the RESPA/TILA rule that will impact all involved parties.

For many years it has been common in mortgage lending for the lender to be fully responsible for the TIL content (TILA rules), and the settlement agent to be primarily responsible for the HUD-1 content (RESPA rules). When the new Closing Disclosure is implemented, not only will it replace the existing final TIL and HUD-1 forms, all rules related to the Closing Disclosure will be within TILA - not RESPA. This change means that the entire Closing Disclosure will become subject to the accuracy tolerances and penalties applicable under TILA rules. This is one of the reasons that lenders including Wells Fargo are carefully assessing all requirements and options to determine the right solution for complying with the new rules.

Another topic that has not generated quite the same industry buzz, but is equally significant, is the requirements for evidence of compliance, which are also the lender's accountability. Establishing consistent evidence of compliance is just as important to Wells Fargo as the process to deliver the Closing Disclosure.

What are some of the expectations for evidence of compliance?

- The ability to capture, retain and recall all versions of the Closing Disclosure provided to the consumer and/or generated for internal purposes (even if not provided to the consumer).
- Image(s) of the Closing Disclosure - in chronological order if multiple versions were generated - plus all supporting data and calculations used to generate it.
- System of record data related to each version of the Closing Disclosure that can be used to evidence all requirements, including delivery timing and method, and can also be used to meet

regulator requests for data within expected timelines.

- The ability to prove receipt of the Closing Disclosure also becomes relevant when delivery occurs via methods such as personal delivery, courier delivery, e-delivery or other methods attempting to expedite the delivery.

As plans for implementing the RESPA/TILA changes evolve, it is important to keep in mind the need to build solutions that satisfy requirements for evidence of compliance.

Updated closing instructions are now completed

Feedback and suggestions received have been incorporated into the updated version of the Wells Fargo Master Closing Instructions which was implemented in May, 2014. Please refer to the link below for your copy.

[Click here to download the updated Master Closing Instructions](#)

The final component to update the State Specific Requirements Addendum was also completed in May, 2014. As a reminder, the Master Closing Instructions, Transactional Loan Closing Instructions and State Specific Requirements Addendum documents are designed to work together to provide the complete set of instructions applicable to all Wells Fargo loan closings.

Beginning in August, 2014 as part of our third party oversight requirements, a process to obtain an e-signature acknowledgement of the Master Closing Instructions from active settlement agents will be implemented in phases. This acknowledgment process is being implemented to further communicate our Master Closing Instructions and document that each active settlement agent location has received and is aware of these important requirements. When it is time for your location to participate you will receive an email message with additional details about the acknowledgment, including full instructions on how to execute the process.

Copies of supplemental recorded documents are needed

As communicated in previous editions of this newsletter, Wells Fargo routinely performs quality reviews on closed loans, including reviews to validate fee accuracy. In conjunction with these quality reviews, copies of **all** recorded documents are needed and must be submitted to Wells Fargo promptly after recordation. Examples of these supplemental recorded documents include the warranty deed, subordination agreement and power of attorney - just to name a few.

Seller credits must be approved prior to document signing

With increasing purchase market volume, we are also seeing an increase in cases where a seller credit is added or modified after loan approval or even at closing. As a reminder, you must contact the lender and wait for written authorization before proceeding with the closing in any instance where the borrower receives any credit from the seller that was not specifically authorized in the Transactional Loan Closing Instructions. The lender **must** be consulted in all cases in order to assess potential impacts to the underwriting decision, appraisal, compliance requirements and/or investor requirements.

New form required for Service Provider Verification of Identity

A new form - Service Provider Verification of Identity - is now included in Wells Fargo closing packages effective April, 2014. This form's purpose is to document the verification of identity that must be performed by the settlement agent prior to execution of the loan documents. A completed form is required for each individual who executes the security instrument or note, and must be returned to Wells Fargo with the original note and other specified documents as outlined in the closing instructions. Also as a reminder, do **not** forward photocopies of the customer's identification documents (driver's license, passport, etc.) to Wells Fargo for any reason.

Thank you for your time and for the professional service you provide to our customers. Please share this important information with your colleagues and your management staff. Comments, questions, suggestions for future newsletters or requests for copies of previous newsletters may be directed to us at WellsFargoSettlementAgentCommunications@wellsfargo.com.

Regards,

Wells Fargo & Company

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