



*Wells Fargo*

## Settlement Agent Communications

News for Wells Fargo Settlement Agents

December 15, 2016

### **Wrapping up 2016 with our thanks!**

With 2016 drawing to a close, we want to thank you for helping us serve our customers this year. The past few months have been tough for Wells Fargo, and we appreciate your support and commitment to providing the best title and settlement services to our customers. Your continued trust in us as industry partners and commitment to our mutual customers is reassuring. We look forward to our continued work together in 2017 to help customers achieve their homeownership goals.

### **Closing Insight™ adoption continues to move forward**

Updated Closing Insight training for Wells Fargo teams has now been completed in the majority of the country. Only our Pacific Division is left and is scheduled for completion in early 2017. Live collaborations scheduled with the settlement agent on actual Wells Fargo loans being prepared for closing have been well received by participants, and adoption of the Closing Insight process continues to increase across all locations. Similar adoption growth is being reported by the other Closing Insight licensed lenders, which is great news!

We extend a sincere thank you to those who have supported our relaunch activities and are already using the Closing Insight process. We will continue to work closely together to build on this momentum, staying on track to make Closing Insight the standard for interaction with Wells Fargo to exchange fees, status and other information needed for the borrower Closing Disclosure (CD) and closing preparation. For those who have not yet taken advantage of the Closing Insight opportunity in your area, it is not too late – let us know if we can help you.

For those in states supported by our Pacific Division (California, Oregon, Nevada and Hawaii), we look forward to working with you in our relaunch program very soon. What can you do to be ready for this? If you have not already done so, take advantage of the support available at RealEC's Closing Insight Resource Center website at <http://www.closinginsightresourcecenter.com/> or contact them at [CISupport@realec.com](mailto:CISupport@realec.com) or 800-893-3241.

### **Performance reports will soon include seller CD receipt**

In our September 22 edition of this newsletter we communicated a process change making our receipt of the seller CD required prior to Wells Fargo authorizing disbursement. Enhancements to our settlement agent performance reports will be completed in February 2017 to add a metric for our receipt of the seller CD on purchase transactions. These performance reports have proven to be very effective to share important performance information with management contacts that can drive corrective changes in their settlement processes where needed.

Wells Fargo also reviews every closed loan to verify that the CD that the borrower received and signed at closing was the Wells Fargo provided and approved borrower CD, and that the settlement agent did not provide their own version of a CD to the borrower as a substitute or in addition to the Wells Fargo provided CD. If any of these issues are detected, we do not wait for the performance reporting cycle -a

phone call is made by our performance management team to the settlement agent management contact to make them aware of the issue and its severity, giving them an opportunity to take immediate action to ensure the problem is not repeated. Due to the regulatory requirements and compliance risks to Wells Fargo, repeat incidents of a non-Wells Fargo approved CD provided to the borrower cannot be tolerated. We appreciate your diligence to ensure that your internal practices are aligned to meet this critical closing requirement on all Wells Fargo loan closings.

### **Disbursement date accuracy is important**

Alignment on critical dates within the closing process is essential for borrower CD accuracy and compliance, including the date when document signing will occur and the date when the loan proceeds will be disbursed. Our expectation is for these dates to be as accurate as possible in the CD that Wells Fargo provides for the borrower's receipt no fewer than three business days prior to closing. We understand that in some locations or scenarios – such as in escrow states or mail away closings – it can sometimes be challenging to lock down these dates at the time the borrower CD is created. The settlement agent is often the first person who is aware when a valid change occurs, and any change to the signing date or disbursement date could create a compliance issue for the lender. It is critical that the CD the borrower signs at closing is an accurate reflection of the transaction. That is why it is equally important for the settlement agent to always communicate changes to Wells Fargo as soon as they are known.

You will notice additional contact with the Wells Fargo closer to reconfirm these dates, including these important steps that align to our closing instructions:

- Communication *pre-closing* to confirm the scheduled disbursement date is accurate in our records.
- Communication *during the closing process* to authorize disbursement after receipt of required "prior to disbursement" conditions, and to reconfirm the scheduled disbursement date.
- Communication *at completion of the closing process* to confirm the actual disbursement completion and date.

Thank you for your cooperation to comply with our instructions on these details.

### **Special instructions continue to apply for refinances of existing Wells Fargo first mortgages**

When an existing Wells Fargo first mortgage customer refinances their loan with Wells Fargo, our internal closing and payoff processes are designed to prevent the customer from being charged overlapping interest (per diem interest charges end for the old loan at the same time per diem interest charges start for the new loan).

The payoff of the existing (old) Wells Fargo loan will be net funded, and all activities related to the payoff of the existing lien will be the responsibility of Wells Fargo. This means that the settlement agent should not add any per diem interest amounts to the payoff figures provided by the Wells Fargo closer. Close communication between the settlement agent and Wells Fargo closer is very important to align on the scheduled disbursement date and stay in synch on any changes that may occur. The Wells Fargo closer will provide updated payoff figures when applicable.

The Transactional Loan Closing Instructions have now been updated to include a written instruction addressing this scenario. If you have any questions, please discuss them with the Wells Fargo closing contact assigned to the loan in question.

## **Electronic title policy delivery**

When the final title policy is provided to Wells Fargo electronically, it is not necessary to also provide a hard/paper copy of the policy. Receipt of the final title policy electronically is acceptable to Wells Fargo and is our preferred method of receipt whenever possible.

We hope that this information clears up any confusion that may exist on this topic.

## **Title and settlement fee data from ClosingCorp discontinued**

Effective September 30, 2016 Wells Fargo discontinued the use of individual title and settlement fee data provided for our internal fee service by ClosingCorp, a third party service provider.

Questions about this change from settlement agents who had subscribed to the ClosingCorp process for Wells Fargo loans should contact us at [WellsFargoSettlementAgentCommunications@wellsfargo.com](mailto:WellsFargoSettlementAgentCommunications@wellsfargo.com). Settlement agents who have joined ClosingCorp's broader provider network and have questions can contact ClosingCorp directly at 866-CLOSING (866-256-7464).

Wells Fargo will provide updates through this quarterly newsletter to inform you of future plans to capture settlement agent title and settlement fees. In the meantime, continue to respond to requests for fee information that are being sent to you through the Closing Insight process.

## **RESPA update**

As you are probably aware by now, a three-judge panel of the DC Circuit Court of Appeals on July 11, 2016 reversed the Consumer Financial Protection Bureau's decision in the PHH Corp v. CFPB case. In addition, the court found: the CFPB misinterpreted section 8 of RESPA, had violated due process by retroactively applying its new and incorrect interpretation of RESPA section 8 and rejected the CFPB's contention that no statute of limitation applied to its administration actions. The court further found that the CFPB's structure of a one director independent agency was unconstitutional.

This decision appears to be the reestablishment of long held interpretations and understandings of the applicability of RESPA Section 8. However, the CFPB currently maintains that the decision was wrongly decided and respectfully disagrees with the findings. It has further filed a request to the DC Circuit Court of Appeals requesting a rehearing before the full Court. Should the rehearing request be approved, the July 11<sup>th</sup> decision will be vacated and the court will rehear the issues. If the rehearing is denied, the decision can be appealed to the U.S. Supreme Court. Director Cordray has stated that the CFPB will continue to adhere to its 2015 Bulletin regarding marketing service agreements (MSAs), which means MSAs, will continue to be held in disfavor by the CFPB. From our perspective, we will remain status quo until further notice.

Thank you for your time to review this important information. Please share this with your staff and management teams. To request copies of any past newsletter editions, subscribe to future editions, or to provide suggestions, questions and comments please write to us at: [WellsFargoSettlementAgentCommunications@wellsfargo.com](mailto:WellsFargoSettlementAgentCommunications@wellsfargo.com).

Happy Holidays,

Wells Fargo & Company

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