



**Agency Bulletin: 2015-06**

Date: September 15, 2015

To: First National Title Insurance Company Agents

From: Chris Phillips

RE: Wells Fargo – Settlement Agent Communications

Wells Fargo has been in constant contact with both the title underwriters and their agents through its quarterly “Settlement Agent Communications” newsletter. I have attached the most recent communication dated September 14, 2015.

This edition provides a refresher on the critical information you need to know when you close Wells Fargo loans. It also contains a timeline for the closing process and a “Frequently Asked Questions – FAQ’s” section that includes questions from its June 23, 2015, March 16, 2015, and December 10, 2014, publications.

If you need copies of any of the publications referenced above, do not hesitate to contact our office.

Future editions of the Wells Fargo Settlement Agent Communications will be sent to you as Agency Bulletins and posted on our website. The more information we can disseminate to our agents will only provide a better understanding and a greater awareness of Wells Fargo’s position on issues surrounding regulatory compliance and the settlement process.

Please contact any members of our agency staff if you have further questions or need additional information.



Wells Fargo

## Settlement Agent Communications

News for Wells Fargo Settlement Agents

September 14, 2015

### Wells Fargo says thank-you!

When the Consumer Financial Protection Bureau (CFPB) announced the TILA-RESPA Integrated Disclosure Rule (the Rule) effective date was changing from August 1 to October 3, many title and settlement professionals seized the opportunity to expand their communication and education plans and reached audiences beyond their employees and agent networks. We offer a sincere thanks to all of our industry partners who have educated and prepared thousands of people for the coming changes through publications, webinars, conferences and other events across the country. The industry-wide partnership that has been demonstrated during our long journey to October 3 is remarkable!

### Refresher on Wells Fargo decisions you need to know

We understand that instructions will vary from lender to lender, which could prove challenging - especially at busy times when back-to-back closings are scheduled. This newsletter edition provides a refresher on critical information you need to know to close Wells Fargo loans.

- **Wells Fargo will generate and deliver the borrower Closing Disclosure (CD)**

- This applies to all closed-end mortgage loans originated by Wells Fargo.
- CD delivery will occur via overnight delivery or electronic delivery (for those customers who have consented to receive electronic disclosures).
- In most cases, CD delivery will occur seven days prior to closing to rely on the "presumed receipt" provision of the Rule.

- **Wells Fargo will use Closing Insight™**

- Wells Fargo will use Closing Insight to exchange information with participating settlement agents, inclusive of closing instructions and preliminary versions of the CD.
- Closing date and approved fee detail will be contained in Closing Insight.
- Closing Insight will become the preferred mechanism to exchange transaction-specific information, rather than email.

- **No unauthorized changes to the borrower CD**

- The settlement agent may only use the Wells Fargo-provided borrower CD for a Wells Fargo loan closing.
- No edits or alterations to the provided document may be made.
- Any known changes must be communicated to Wells Fargo prior to document signing.

- If a settlement statement is provided to the borrower (in addition to the Wells Fargo-provided CD), all information must reconcile to the CD and a copy of the settlement statement must be provided to Wells Fargo with the executed closing package.
- Any post-close variances that impact the borrower CD must be communicated to Wells Fargo at [SAPostClosingCommunications@wellsfargo.com](mailto:SAPostClosingCommunications@wellsfargo.com)

- **Settlement agent will provide the seller CD**

- For purchase transactions the settlement agent will be responsible for the seller CD.
- The settlement agent must provide a copy of the seller CD to Wells Fargo with the executed closing package.

### Target timeline for a smooth closing

When it's time to prepare for the loan closing, Wells Fargo's closer is your primary contact. In most cases the communication from our closer will begin 15 business days\* prior to closing. You can always contact our closer at any time - no need to wait if you are ready to start the closing process sooner or have questions for us. Our ideal target timelines are outlined below.

Target Timing	Activity	Key Reminders
<p><b>15</b> 15 days prior to closing*</p>	<ul style="list-style-type: none"> <li>● Wells Fargo's closer will communicate with you to synchronize information. We will confirm the closing date/signing plans, and answer any questions you have about Wells Fargo's process and requirements.</li> <li>● We will also align on next steps, timing and confirm if you are ready to use Closing Insight for our CD collaboration.</li> </ul>	<ul style="list-style-type: none"> <li>● Register for Closing Insight if you haven't already.</li> <li>● Be sure your eLynx registration information is accurate and consistent with your Closing Insight registration information.</li> <li>● Find out and communicate if there are any specific signing plans that could impact CD timing requirements, such as a customer who needs to sign early, a mobile notary or mail away request.</li> <li>● Inform Wells Fargo as soon as you become aware of any pending changes to the transaction, including revised contract terms or seller credits.</li> </ul>
<p><b>10</b> 10 days prior to closing*</p>	<ul style="list-style-type: none"> <li>● Collaboration begins between Wells Fargo's closer and settlement agent to exchange detailed fee information and other content needed for Wells Fargo to prepare the CD.</li> </ul>	<ul style="list-style-type: none"> <li>● Please use Closing Insight for this collaboration!</li> <li>● Provide information on all charges, fees and premiums to be paid at closing.</li> <li>● Promptly respond when collaboration is initiated by Wells Fargo's closer - no later than the next business day.</li> </ul>

		<ul style="list-style-type: none"> <li>• Confirm that the email address and wire information you will use are fully approved by Wells Fargo so you can receive loan documents and funds.</li> <li>• Communicate with all involved parties to ensure alignment and avoid surprises that could disrupt the closing timelines.</li> </ul>
<p><b>7</b></p> <p>7 days prior to closing*</p>	<ul style="list-style-type: none"> <li>• CD content is finalized and approved.</li> <li>• Wells Fargo sends the CD to the borrower. This 7 day timing is to rely on the presumed receipt provision of the Rule.</li> </ul>	<ul style="list-style-type: none"> <li>• Wells Fargo will track the delivery of the CD for our evidence of compliance.</li> <li>• Do not provide any non-Wells Fargo version of the borrower CD to any party.</li> <li>• Content of the CD is visible in Closing Insight any time after the CD has been finalized - no need for Wells Fargo to send this to you.</li> <li>• Communicate with your Wells Fargo closer on the timing when loan closing documents will be available.</li> <li>• Immediately notify your Wells Fargo closer if you become aware of any changes.</li> </ul>
<p><b>3+</b></p> <p>3 or more days prior to closing*</p>	<ul style="list-style-type: none"> <li>• Wells Fargo will answer any questions the borrower has after receiving the CD.</li> <li>• Loan closing documents are made available to you through eLynx/EDD, in most cases within one or two days after the borrower CD has been finalized.</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage borrowers to review the CD prior to closing, and to contact Wells Fargo if they have questions.</li> <li>• Immediately notify your Wells Fargo closer if you become aware of any changes, and wait for direction before proceeding.</li> </ul>
<p><b>0</b></p> <p>At closing</p>	<ul style="list-style-type: none"> <li>• Follow Wells Fargo closing instructions to execute the loan closing.</li> <li>• Provide the CD contained in the loan closing package to the borrower for signature along with the other loan closing documents.</li> <li>• Provide the seller CD to the sellers, and a copy to Wells</li> </ul>	<ul style="list-style-type: none"> <li>• Early document signing is not permitted without specific authorization from Wells Fargo to ensure compliance with CD receipt requirements.</li> <li>• Immediately notify your Wells Fargo closer if you become aware of any changes <b>and wait for direction before proceeding with document signing.</b></li> <li>• Do not modify the borrower CD or issue your own version of the borrower CD on any Wells Fargo loan. If there are changes needed, Wells Fargo will provide an updated CD to you to</li> </ul>

	<p>Fargo.</p> <ul style="list-style-type: none"> <li>• If a settlement statement is used, provide a copy to Wells Fargo.</li> </ul>	<p>provide to the borrower.</p>
<p><b>P</b> Post closing</p>	<ul style="list-style-type: none"> <li>• Follow Wells Fargo closing instructions for delivery of final documents.</li> <li>• Reconcile any variances between fees collected from the borrower at closing and actual costs (such as for recording fees) and refund any excess amounts collected.</li> <li>• Provide copies of the seller CD and any other settlement statement applicable to the transaction to Wells Fargo with the closed loan documents.</li> </ul>	<ul style="list-style-type: none"> <li>• Follow Wells Fargo loan closing instructions to provide final documents on time and to the correct address.</li> <li>• Notify Wells Fargo of any variances you identify post-closing at the following address: <a href="mailto:SAPostClosingCommunications@wellsfargo.com">SAPostClosingCommunications@wellsfargo.com</a> Include description of the change, loan number, customer name, property address, close date and any supporting documents such as evidence of a refund issued.</li> </ul>

*\*Note: Target timelines are expressed in business days, using the same definition of a "business day" that is defined in the Rule for receipt of the CD. When the target timeline falls on a Saturday, the activity should occur on the preceding non-holiday weekday.*

### Have you registered for RealEC's Closing Insight yet?

As announced in our March 16, 2015 newsletter, using Closing Insight will become an important part of the Wells Fargo closing process to exchange information with settlement agents - including closing instructions, fees, status and other relevant details. Unlike today where we typically use email to pass these important details back and forth, Closing Insight will support an interactive, online collaboration that includes a full view of information from both parties, and provides an audit trail and quality checks to reduce errors. Our goal is for the Closing Insight process to rapidly become the new standard for interaction between Wells Fargo and all settlement professionals who close our loans.

Hundreds of you have already registered for Closing Insight, and we thank you. For those who have not yet registered, please don't wait until October 3 - register today by visiting [ClosingInsight.com](http://ClosingInsight.com). You can also contact RealEC<sup>®</sup> Technologies directly at 800-893-3241, or at [ProviderRegistration@realec.com](mailto:ProviderRegistration@realec.com). When you register, please be sure to include each processing location so the RealEC team can follow up with all Closing Insight users.

**October 3 is just the beginning**

The effective date for the Rule has been our goal for so long that it's easy to think our work is almost done. Conversations across the industry are already transitioning to the next phase of this significant change, when we start to close loans using new processes, disclosures and technology. In November and December, we will see post-October 3 loan applications ready for closing in numbers that will test our new processes and provide us with business experience to learn what is working well - or not so well.

The industry-wide partnership that has developed also positions us well to continue our communication and share information and ideas to improve processes where needed. Your specific feedback is vitally important and welcome - please communicate with your Wells Fargo contacts to let us know what is working well, and what can be improved. Wells Fargo is committed to continue our industry participation, and to keep our communication channels open and active. If you are unsure who to communicate an idea or pain point to, write to us at: [WellsFargoSettlementAgentCommunications@wellsfargo.com](mailto:WellsFargoSettlementAgentCommunications@wellsfargo.com)

### More of your frequently asked questions

Wells Fargo leaders have participated in many regional, state and local conferences and education seminars in recent months and greatly appreciate your active role to make us aware of questions that still need to be answered or clarified. The following responses have not been previously published in our newsletter.

Will title be ordered earlier in the loan process on Wells Fargo loans?	No. The Rule does not require any changes to the title order process or timing. Wells Fargo is expanding its use of electronic title order processes, but this does not impact the timing of when title orders are placed.
When will Wells Fargo provide the loan closing documents to the SA?	When the CD has been finalized and provided (sent) to the customer by Wells Fargo, the loan closing documents can be made available to the settlement agent through eLynx/EDD. In most cases this will happen within one or two days, but contact your Wells Fargo closer if you need the documents sooner.
What items "paid before closing" must be disclosed on the CD?	All items paid before closing that are related to the mortgage loan transaction must be disclosed on the CD.
Will Wells Fargo permit "add-on fees" such as a compliance fee, technology fee, etc.?	No, since these add-on fees do not typically represent fees for services provided or costs incurred by the settlement agent for the specific transaction being closed. Wells Fargo would expect costs related to a settlement agents' overhead to be included in their fee for performing settlement services.  The disclosure and payment of any fees, charges or premiums at closing must comply with all governing laws and regulations, and the requirements of FHA, VA, FNMA or FHLMC, as applicable. Fees charged must be accurately disclosed including the amount paid, the payer and the payee.
Can the borrower CD be finalized and issued without all of the seller	Ideally all amounts should be known at the time the borrower CD is finalized and approved by Wells Fargo. Exceptions may be allowed if

numbers and payouts being final?	the lagging numbers or payouts pertain only to the distribution of seller proceeds, with no impact to the transaction details or the borrower CD. Contact your Wells Fargo closer to review any exception requests.
Will the new CD be used on Wells Fargo home equity loan closings?	Wells Fargo no longer offers closed-end home equity loans, but will continue to offer home equity lines of credit. The TILA-RESPA Integrated Disclosure Rule does not apply to HELOC transactions.
How quickly will Wells Fargo be able to make updates to the CD and provide the updated version when last minute changes occur?	<p>The size of our Closing team has been increased so we can be responsive to this need. Updating and reissuing the CD can be completed quickly. However, some changes that impact the contract terms, loan terms, appraisal or underwriting decision can take more time to assess and may require an updated underwriter approval.</p> <p>Wells Fargo is committed to provide timely support for loan closing needs. Communication with all involved parties is essential to help avoid last minute surprises that could cause delays.</p>
Is the settlement agent permitted to make minor edits to the CD and have the changes initialed by the borrowers?	<p>No.</p> <p>The borrower CD provided by Wells Fargo must not be marked or edited. Any change or correction must be communicated to the Wells Fargo closer, and an updated CD will be provided for delivery to the borrower. In all cases Wells Fargo will determine if the change requires a new three day review period for the CD to ensure compliance.</p>
What should I do if I receive a request to close a Wells Fargo loan outside of normal business hours?	Discuss the request with your Wells Fargo closer in advance of the closing.
How should I notify Wells Fargo of any changes detected post closing?	<p>Send details of the change along with loan number, customer name, property address, close date and copies of any relevant documents (such as evidence of a refund issued) to:</p> <p><a href="mailto:SAPostClosingCommunications@wellsfargo.com">SAPostClosingCommunications@wellsfargo.com</a></p>

### Frequently asked questions worth repeating

For those who may be reading this newsletter for the first time or anyone interested in a refresher - FAQ's worth repeating from previous editions are reprinted here for your convenience. Previous references to the August 1, 2015 effective date have been updated to reflect October 3.

*FAQ's from our June 23, 2015 publication*

<p>Will the settlement agent be responsible for providing Wells Fargo with the real estate agent information required for the CD?</p>	<p>No. This information will have been captured in Wells Fargo's loan process prior to the preparation of the CD.</p>
<p>Will the settlement agent receive a copy of the CD that Wells Fargo provides to the borrower?</p>	<p>Yes. A copy of the CD will be provided in our loan closing package. If Closing Insight is utilized the content of the CD is visible to the settlement agent at any time after the CD has been finalized.</p>
<p>Is it acceptable to Wells Fargo for the settlement agent to provide a settlement statement in addition to the CD?</p>	<p>Yes. If a settlement statement in any form is provided to the borrower (in addition to the CD provided by Wells Fargo), a copy must also be provided to Wells Fargo with the closed loan documents. A review will be performed to validate consistency with the content in the CD.</p>
<p>Can a settlement statement be used in place of the seller CD?</p>	<p>No. A settlement statement can be issued in addition to the borrower CD and the seller CD, but not in place of either CD.</p>
<p>Is the definition of "consummation" the same as "closing"?</p>	<p>No. Consummation is defined as "the date that a consumer becomes contractually obligated on a credit transaction." For the purpose of calculating the required timing for borrower receipt of the CD, Wells Fargo will use the date the note will be signed for all transactions.  "Closing" can have a different definition and timing in some jurisdictions, such as escrow states.</p>
<p>What should we do if Wells Fargo's closing documents have been received and the customer asks to sign a day early?</p>	<p>Always consult with your Wells Fargo closing contact. Permitting an early signing that Wells Fargo has not authorized could jeopardize Wells Fargo's compliance with the Rule, which is not acceptable at any time.</p>
<p>Will the settlement agent need to know which fees are APR sensitive fees?</p>	<p>No, not for Wells Fargo closings. Any changes to information contained in the borrower CD must be communicated to the Wells Fargo closing contact. Wells Fargo does not expect the settlement agent to determine if the APR is impacted by a fee change.</p>
<p>Where can I get samples of the new CFPB forms effective October 3, 2015 and learn more about the requirements?</p>	<p>Detailed information about the TILA-RESPA Integrated Disclosure Rule, including samples of the new forms, are available from the CFPB at <a href="http://consumerfinance.gov">consumerfinance.gov</a></p>



How does a settlement agent become ALTA Best Practices certified and who can perform the certification?	Resources on Best Practices and the certification process are available from ALTA at <a href="http://alta.org/bestpractices">alta.org/bestpractices</a>
How can I find out more about Closing Insight — including information on technical requirements?	Additional information is available from RealEC Technologies at <a href="http://ClosingInsight.com">ClosingInsight.com</a> , or contact RealEC directly at 800-893-3241, or by email at <a href="mailto:ProviderRegistration@realec.com">ProviderRegistration@realec.com</a>
If my software company is integrated with Closing Insight, do I still need to register?	Yes. Please register at <a href="http://ClosingInsight.com">ClosingInsight.com</a>
<i>FAQ's from our March 16, 2015 publication</i>	
If co-borrowers plan to sign the loan documents on different dates, which date applies for compliance with the three business day receipt requirement of the CD?	The borrower's CD must have been received not less than three business days before the earliest signing date. This question highlights the importance of communicating specifics about signing plans to your Wells Fargo closing contact, including cases when a mobile signing agent or mail away signing is being requested.
Will Wells Fargo be providing loan closing documents to the settlement agent at the same time the borrower's CD is delivered?	Our goal is to be able to provide the closing documents to the settlement agent shortly after the borrower's CD has been finalized and provided to the borrower. In most cases, you should receive the closing documents earlier than in the past.
Will Wells Fargo permit any other party to deliver the borrower's CD to meet the three business day receipt requirement for a rush closing situation?	No. We have determined that we must be responsible for delivering the borrower's CD to meet and track the three business day receipt requirement for all transactions. We will continue to encourage all parties involved to stay in close communication and work together proactively to minimize the need for expedited CD delivery.
Is my company required to be ALTA Best Practices Certified by October 3 to continue to close Wells Fargo loans?	No. Completing your certification by October 3 will not be a Wells Fargo requirement. However, we hope that if your company is not yet certified you will - at minimum - have already completed a self-assessment and addressed any identified gaps.  As communicated in our March 6, 2014, newsletter, Wells Fargo supports the ALTA Best Practices as sound business practices that should ideally already be in place for businesses providing title and closing services for our customers.
<i>FAQ's from our December 10, 2014 publication</i>	

<p>Will all lenders collaborate on a standard and consistent process for meeting all of the TILA-RESPA Integrated Disclosure Rules?</p>	<p>No. Each lender is accountable for compliance and must determine its own method for achieving compliance.</p> <p>Wells Fargo made an operational decision in September regarding our method for achieving compliance and we continue to build processes to support our approach.</p>
<p>Can we begin using the new CD form earlier than October 3, 2015?</p>	<p>No. In fact, there will be several weeks/months that we will be required to use the previous disclosures with some loans and the new LE and CD on other loans*.</p> <ul style="list-style-type: none"> <li>• Applications prior to October 3, 2015 will use the previous GFE, initial TIL, final TIL and HUD-1.</li> <li>• Applications taken on or after October 3, 2015 will use the new Loan Estimate (LE) and CD.</li> </ul> <p>There are no exceptions to this requirement - early use of the LE and CD are not allowed.</p> <p>*Note: The new disclosures do not apply for home equity lines of credit, mortgages securing mobile homes that are not attached to real estate or for creditors who make five or fewer loans per year.</p>
<p>Can settlement agents prepare the CD and send it to the lender for approval, just as today for the HUD-1?</p>	<p>No - not for Wells Fargo loans. Lenders are accountable for compliance, which includes the CD timing and accuracy. The new CD is governed by the Truth-in-Lending Act (TILA), not the Real Estate Settlement Procedures Act (RESPA).</p> <p>TILA and RESPA have different accuracy expectations and enforcement provisions, as well as differences in definitions. The risks and penalties for Wells Fargo are more severe with TILA than RESPA.</p>
<p>How will Wells Fargo determine the exact fees that are applicable on loans?</p>	<p>Collaboration and input from our settlement agents on fees applicable for each transaction continues to be critical.</p> <p>Wells Fargo will continue to work closely with settlement agents to determine the fees and other content required on the CD. This interaction must occur earlier in the process than is typical today.</p>
<p>How will Wells Fargo determine buyer/seller pro-rated amounts on purchase transactions?</p>	<p>Just as today with the HUD-1, we will work closely with our settlement agents to determine the amounts to be disclosed on the borrower CD.</p> <p>The settlement agent will be responsible for the seller CD.</p>

The TILA-RESPA Integrated Disclosure Rule uses the term "consummation" - what does that mean?

The TILA-RESPA Integrated Disclosure Rule requires that the borrower receive the CD at least three business days prior to consummation.

TILA defines consummation to be: "The time that a consumer becomes contractually obligated on a credit transaction."

Wells Fargo considers consummation to be the date the borrowers will sign the note for all transactions (becomes contractually obligated), including transactions in escrow states.

What happens if the pre-closing walk through identifies a change to the buyer/seller agreement that will impact the CD?

The settlement agent must notify the lender's closing contact if there are any changes that impact the CD. Wells Fargo will determine if an updated CD can be provided for delivery at the closing or if the change triggers the three-day receipt requirement to be restarted.

Will Wells Fargo assume the responsibility for disbursing loan proceeds?

No.  
The settlement agent is critical and continues to be responsible for executing the closing including document signing, notarization, disbursement of funds, document recordation and delivery of final documents post-closing.

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:

<mailto:WellsFargoSettlementAgentCommunications@wellsfargo.com>

Regards,  
Wells Fargo & Company

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