



*Wells Fargo*  
**Settlement Agent Communications**

**TILA-RESPA Integrated Disclosure Rule**

In the September 24 issue of our settlement agent communication, Wells Fargo announced that we would control the generation and delivery of the borrower Closing Disclosure (CD) to meet internal compliance and regulator expectations when the new CD becomes effective in August 2015.

Since our September announcement, Wells Fargo leaders have attended numerous industry events including the ALTA Annual Conference, the MBA Compliance and Regulatory Conference and the MBA Annual Convention. We've also participated in several title agent meetings and round table discussions.

During those events, we've talked with many of you, answered numerous questions and carefully listened to your feedback. Some of you expressed surprise at our decision – and an equal number of you indicated you were not surprised and anticipated the decision. Some of the most frequently asked questions are answered below.

<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 August 1, 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 August 1, 2015 will use the previous GFE, initial TIL, final TIL and HUD-1.</li> <li>• Applications taken on or after August 1, 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</p>

	enforcement provisions, as well as differences in definitions. The risks and penalties for Wells Fargo are more severe with TILA than RESPA.
How will Wells Fargo determine the exact fees that are applicable on loans?	<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>
How will Wells Fargo determine buyer/seller pro-rated amounts on purchase transactions?	<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?	<p>The TILA-RESPA Integrated Disclosure Rule requires that the borrower receive the CD at least three business days prior to consummation.</p> <p>TILA defines consummation to be: "The time that a consumer becomes contractually obligated on a credit transaction."</p> <p>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.</p>
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?	<p>No.</p> <p>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.</p>
What education and training materials can we expect?	<p>Specific Wells Fargo training plans are under construction in collaboration with other industry partners such as ALTA, title underwriters and other service providers. Plans include many educational communications and an information guide.</p> <p>More details will be provided as available.</p>

### We appreciate your responses to our survey!

As you may recall, the September 24 issue of our settlement agent communication included a feedback survey link. Many of you have asked for information on the results so here are the responses to a few of the questions from the survey:

Survey Question	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
I am well informed about the new requirements.	34.33% 126	43.87% 161	14.71% 54	4.63% 17	2.45% 9
My company is currently preparing for the changes that are effective August 2015.	54.08% 199	31.79% 117	10.87% 40	1.63% 6	1.63% 6
My company is relying on our technology					

software providers to be ready for the changes by August 2015.	43.99% 161	38.25% 140	13.11% 48	4.10% 15	0.55% 2
The Realtors/Builders I do business with are well informed about the new requirements.	3.81% 14	10.08% 37	31.34% 115	34.60% 127	20.16% 74
The lenders I do business with are talking to me about their plans for the new Closing Disclosure.	7.95% 29	20.27% 74	24.11% 88	35.89% 131	11.78% 43
I prefer that the lender be responsible to generate and deliver the Closing Disclosure to the borrowers to meet the compliance requirement that it is received no less than 3 business days prior to closing.	32.70% 120	22.62% 83	21.25% 78	9.81% 36	13.62% 50

**Thank you** to all who took the time to respond to this survey and those who provided comments via the mailbox or direct contact! The abundance of feedback received provides valuable information for our use when planning and developing future communications, training materials and implementation plans. Knowing your concerns and questions helps us proactively address what matters to you.

For example, question four shows us that real estate agents and builders need more information on the rule changes effective August 1, 2015, and that it will be critical to engage them in the evolving process changes. On purchase transactions, collaboration to coordinate timing details must begin when the contract is written and continue through scheduling and preparing for closing. We all must work closely together to ensure that the CD receipt requirements are met and to help avoid delayed or rescheduled closings.

### **Updated appraisal delivery process coming soon**

Regulations require lenders to provide a copy of the appraisal to the customer no later than three days prior to closing, unless the customer has signed a waiver of this timing requirement.

Wells Fargo's business process team has completed an assessment of the internal process and will implement changes in late January 2015 to **significantly reduce** the number of transactions that require your support to deliver the appraisal at the loan closing. The majority of appraisals will be delivered to the customer prior to closing.

With the updated process, you are no longer required to return a copy of the appraisal as proof of delivery. Instead, a new Appraisal Delivery Confirmation form will be signed by customers for Wells Fargo's compliance tracking.

For those few times when we do need your assistance in delivering the appraisal, the appraisal delivery requirement will appear in the Transactional Loan Closing Instructions. At the same time, an email to you will provide the appraisal document(s) and the new Appraisal Delivery Confirmation form.

Simply provide the appraisal document(s) to the customer at closing and have them sign the Appraisal Delivery Confirmation form. Return the signed form with the closed loan documents.

### **We heard you! Page count tool now available for estimating recording fees**

Since the first publication of this newsletter in June 2013, we have frequently set the expectation to disclose accurate and exact fees on the HUD-1. In response to multiple requests for support to enable you to estimate recording fees as accurately as possible prior to recordation, a page count reference tool is now available.

The tool provides page count information for all recordable documents that are lender-provided in the closing package and will be provided with the preliminary closing package. Your Wells Fargo closing contact will work with you to determine the applicable loan documents and page counts as part of the HUD-1 preparation and approval process. If you have not yet seen the new tool or have questions, please talk to your Wells Fargo closing contact when preparing for your next Wells Fargo closing.

This is an interim solution. In early 2015, additional changes will be implemented making a transaction-specific list of recordable documents and their page counts part of the preliminary closing package for most Wells Fargo loans.

Thank you for your continuing collaboration and the importance you place on communication. Please share this important information with your colleagues and management teams. If you have any comments, questions, suggestions for future newsletters or requests for copies of previous editions, contact us at:

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Regards,  
Wells Fargo & Company