



Wells Fargo

## Settlement Agent Communications

News for Wells Fargo Settlement Agents

March 10, 2016

### 2016 is moving fast!

It's already mid-March and there are several indications that we'll experience another strong spring home buying season. Some industry publications have stated that purchase transactions may be taking longer to close than before. This illustrates the need for us to maintain our strong partnerships so we can continue to improve closing timelines to meet customer expectations.

This edition includes some key reminders, and also highlights opportunities for us to challenge some long-standing practices for preparing for loan closings.

### Know Before You Owe - after the first 120 days

As a national lender, Wells Fargo originates loans in every major U.S. market. This means that our Wells Fargo teams routinely interact with a wide variety of settlement partners, processes, and local practices. Even with the local variations, in most areas of the country we have experienced a steady improvement as everyone involved in the loan closing adapts to the new disclosures and processes. We seem to become more familiar and confident with every closing. **Thank you** for all that you have done to bring your teams up to speed, and for your continuing dedication and professionalism!

Some challenges still exist, and we continue to target common issues to clarify and reinforce Wells Fargo's requirements. **The best advice for anyone who closes Wells Fargo transactions is to consistently follow the closing instructions provided.** This includes both written closing instructions, as well as any instructions you receive directly from our Wells Fargo closer. *Remember that the lender is responsible for compliance with the TRID rules.* We understand that closing instructions can vary from lender to lender, and while this may be challenging for you - it does not change how important it is to comply with Wells Fargo's closing requirements.

Please note the following information and important reminders for Wells Fargo closings:

- **Collaboration timing:** The collaboration to obtain information necessary for the borrower closing disclosure (CD) must begin earlier than when preparing for closings in the past. Changing these long-standing practices is challenging for us all. Your Wells Fargo closer will begin by making a welcome call to you approximately 15 days prior to closing, or you can initiate the discussion at any time. Our target is to begin the borrower CD collaboration at least 10 days prior to closing, and to finalize fees no later than seven days prior to closing. This timeline is designed to meet the regulatory requirement for borrower receipt of the CD no fewer than three business days prior to closing, without needing to use expedited delivery or jeopardize the customer's closing date. This timeline will also enable us to release closing documents earlier. Please respond to our closers when they reach out to you to initiate this process. If your Wells Fargo contact is not being responsive to you, ask to speak to a manager.
- **Provide actual fees:** Collaborate to provide the actual fees - not estimated fees - for the borrower CD. Our expectation is for the CD that the borrower receives no fewer than three business days prior to closing contain the most accurate information available.
- **Disclosing fees and credits:** Wells Fargo applies lender credits, seller credits and/or third party credits at the fee level, not as a lump sum credit. For certain cases involving seller-paid title insurance, Wells Fargo may apply a lump sum title premium adjustment rather than to itemize the

seller paid amount at a fee level\*. *\*Note: Reflecting a lump sum title premium adjustment in the borrower CD was a change we recently implemented, as announced in our December 2015 newsletter edition.*

- **Borrower CD:** Use only the Wells Fargo provided and approved borrower CD on Wells Fargo transactions - do not provide your own CD to borrowers or alter the Wells Fargo provided borrower CD under any circumstances.
- **Seller CD:** Create and provide a seller CD on all purchase transactions, and provide a copy to Wells Fargo with the closed loan documents.
- **Follow closing instructions:** Always comply with Wells Fargo's closing instructions. Discuss any questions you may have on these instructions with your Wells Fargo closing contacts, ask to speak to a manager or write to us at [WellsFargoSettlementAgentCommunications@wellsfargo.com](mailto:WellsFargoSettlementAgentCommunications@wellsfargo.com)
- **Communicate any known changes:** Without exception, any changes impacting the transaction details or the borrower CD must be communicated to Wells Fargo. Communicate any change known before signing to the Wells Fargo closer. Communicate any changes impacting the borrower CD that are detected post-closing to [SAPostClosingCommunications@wellsfargo.com](mailto:SAPostClosingCommunications@wellsfargo.com) by following the instructions published in the September 2015 edition of this newsletter and in our Master Closing Instructions.
- **Closing document delivery:** A frequent comment received is that you want us to deliver the closing documents sooner. We hear you and want to meet that expectation. However, it is our policy to provide our customer with the approved borrower CD before releasing the closing documents. To improve the timing of the closing document delivery - we must begin and complete the borrower CD collaboration process earlier. You can help us with that!

Your feedback is always appreciated. Please share your comments on what is working well or specific suggestions for improvements with your Wells Fargo contacts, or write to us at [WellsFargoSettlementAgentCommunications@wellsfargo.com](mailto:WellsFargoSettlementAgentCommunications@wellsfargo.com)

### Update on Closing Insight™

As communicated in our December 2015 edition of this newsletter, the expectation to use Closing Insight for Wells Fargo will increase quickly in 2016. In fact, activity is currently underway to move the needle forward for use of Closing Insight. In January and February, two Wells Fargo fulfillment sites were selected to participate in a Closing Insight lab environment. These labs were initiated to perform a live, hands-on assessment of workflows, technology, training and other tools available to support Closing Insight adoption and use. Results have validated the benefits of using Closing Insight including the value of the common workflow and earlier communication between the settlement agent and Wells Fargo closer. Lab results also reinforced the need for us to continue to work toward common fee labeling across the industry, such as the fee standardization work being led by the Mortgage Bankers Association (MBA) and its MISMO® subsidiary.

During the coming weeks and months we will continue to leverage the results from the lab environment to accelerate Closing Insight adoption. We have a game-changing opportunity here to leverage the Closing Insight common workflow to replace the use of email to exchange fee information and trade draft CDs.

What should you do?

- Don't wait! If you are not yet doing so, accept Wells Fargo closing orders and work with your Wells Fargo closer to navigate through the workflow. After you have completed a few transactions you will begin to experience the benefits of the Closing Insight workflow.

- If you are not yet ready to use Closing Insight, consider what obstacles are preventing this. If training is needed, you have several options:
  - If you currently use software to connect with Closing Insight, please contact your software company for assistance\*\*.
  - If you access Closing Insight directly via the web, please contact RealEC Technologies by visiting their website at [www.closinginsight.com](http://www.closinginsight.com) or by calling 800-893-3241.
  - RealEC is hosting additional training webinars for Closing Insight web users through the month of March. The training will include how to use Exchange™ when receiving orders ([click here to register Navigating The Exchange](#)), as well as how to use Closing Insight ([click here to register Closing Insight Walkthrough](#)).

*\*\*Note: Refer to the December 2015 edition of this newsletter for software company contact information, if needed.*

Your actions now to use the Closing Insight common workflow on Wells Fargo loan closings could put you ahead of the pack!

### **Changes to Wells Fargo Home Lending flood insurance coverage requirements**

*This information is being shared for your awareness, as there has been a change in the amount of flood insurance we will now require the customer to obtain.*

Effective February 15, 2016, Wells Fargo updated its flood insurance requirements for loans secured by properties located in a federally designated Special Flood Hazard Area (flood zone beginning with A or V). Borrowers will now be required to provide evidence of flood insurance coverage that is at least equal to the lesser of:

- the combined outstanding balance of all of the customer's loans and the maximum line of credit amounts that are secured by the property (new option)
- 100% of the replacement cost value of the building(s) determined by the hazard insurance provider
- the maximum amount available through the National Flood Insurance Program (NFIP) - currently \$250,000 for residential buildings

This policy change was made to align with Federal regulations and investor requirements, with updated options and information for the customer to make an informed decision on flood insurance coverage. Customers impacted by this Wells Fargo policy change will receive an educational flyer that explains their options, in addition to the required flood insurance disclosures which have been updated to reflect the new Wells Fargo coverage requirements.

Wells Fargo requires impacted customers to purchase no less than the minimum coverage required, but **neither Wells Fargo team members nor the settlement agent should advise customers about the level of flood insurance coverage appropriate for their property**. Customers should consult with their insurance providers and can also find information about flooding, flood risk, and a list of flood insurance providers at [FloodSmart.gov](http://FloodSmart.gov), the NFIP website.

Reminder: If the property is in a flood zone that begins with A or V, evidence of sufficient flood insurance coverage must be provided to Wells Fargo **prior to closing** and reviewed for acceptability by Wells Fargo before proceeding with the loan closing.

### **Verification of identity**

Wells Fargo's Master Closing Instructions require verification of all parties executing closing documents, including someone signing under an approved Power of Attorney. Since April 2014, our closing packages included the Service Provider Verification of Identity form which must be completed to document the verification of identity that was performed.

Your feedback made us aware that there was confusion on who was responsible to complete this form. The form is currently being updated to clarify that it must be completed by the individual who verifies the identity of the signer(s). That individual must sign the form to certify that they have performed the verification of identity. 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 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)

Regards,  
Wells Fargo & Company