

WELCOME!

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For ALTA® "Seven Pillars of Best Practices" articles see [archived newsletters](#).

Coming up in future issues:

January 2014 Issue:
Remembering 2013 as the Year of Compliance and Tools for Email Security



February 2014 Issue:
WFG Code of Conduct and Ethical Business Standards

The 2013 *FourthC* and the WFG Compliance Department have focused on regulatory changes that affect our industry. The Consumer Financial Protection Bureau (CFPB) amended Regulation X (Real Estate Settlement Procedures Act) and Regulation Z (Truth in Lending) to establish new requirements for disclosure for most consumer loans.

After a year of anticipation – and much speculation about the details - the Consumer Financial Protection Bureau (CFPB) released the Integrated Mortgage Disclosure Rule on November 20, 2013. For the most part this Rule and the seven Rules that preceded it are designed to improve a borrower's knowledge of the fees and costs associated with their mortgage loan and to confirm their ability to repay the loan. New Rules also impose requirements on mortgage servicers.

The new Disclosure Rule is expected to take effect August 2015, giving people affected time to re-tool their production systems, amend their compliance programs and update contractual relationships. The new forms required by the Rule will combine the good faith estimate (GFE) and settlement statement (HUD-1) with mortgage disclosures required under Federal truth in lending laws. The new Rule will not only replace the forms consumers have been given during the mortgage origination process, but the Rule will also fundamentally alter the regulations governing the preparation and provision of – and liability for loan disclosures. While referring to these new rules, the CFPB has called them a "back to basics" approach to mortgage origination. The new combined disclosure forms are an attempt by the CFPB to have consumers, "know before they owe".

This month *TheFourthC* features more information about the Combined Disclosure Rule and the new forms settlement agents will be expected to use as the new Rule takes effect. I know you will find the articles written by Lee Ann Fenske helpful in understanding this important change to our settlement business.

*Donald A. O'Neill
Executive Vice President & Chief Compliance Officer
WFG National Title Insurance Company*

We encourage you to visit the WFG compliance site at www.wfgnationaltitle.com and submit comments, suggestions and questions to us at compliance@wfgnationaltitle.com.

Please use your company login credentials to access more information and documents located in the [WFG Portal](#). Need help accessing the WFG Portal? [Click here](#).

New Disclosure Rule will take effect on August 1, 2015.



Consumer Financial Protection Bureau (CFPB) Announces its Final Rule for the Integrated Mortgage Disclosure Forms

The much anticipated final CFPB rule for the integrated mortgage disclosures was released on November 20, 2013. The rule will take effect on mortgage applications received on or after August 1, 2015. The new “Know Before You Owe” forms will replace the existing federal disclosure forms. One of CFPB’s goals was to combine overlapping federal disclosure forms required by the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). The final rule applies to most consumer mortgages, except; home-equity lines of credit, reverse mortgages, mortgages secured by a mobile home or dwelling that is not attached to the land, or commercial loans. Our industry will continue to use the old forms on the loans that the new rule does not apply to, until which time CFPB decides differently.

The new **Loan Estimate** form replaces the early Truth in Lending disclosure and the Good Faith Estimate and provides a summary of the key loan terms and estimated loan and settlement costs. The consumer will receive this form shortly after applying for a loan, and they can utilize this form in comparing the costs and features of different loans. The Loan Estimate is still subject to tolerances as the final Truth in Lending, Good Faith Estimate and HUD-1 are today. The new **Closing Disclosure** form replaces the final Truth in Lending Statement and the HUD-1 and summarizes the final loan terms, costs and provides consumers with a detailed accounting of their transaction.

The new Closing Disclosure form **must be delivered to the consumer three business days prior to closing**. Three business days are being described as any day open for normal business, so as an example; if it is confirmed as being delivered on a Monday, then the signing would occur on Thursday. The three day window of time will provide the consumers the ability to review their final loan terms and costs in an unpressured environment so they can decide whether they can afford the loan. The new forms and the opportunity to review them prior to closing will help the consumer identify such risky loan factors as; prepayment penalties, balloon payments and an increase in the loan balance in a negative amortization loan. There are three instances of changes that will create an additional three-day waiting period. **The additional three-day rule** will kick in if the creditor makes changes to; the APR above 1/8 of a percent for most loans (and 1/4 of a percent for loans with irregular payments or periods), changes the loan product, or adds a prepayment penalty to the loan.

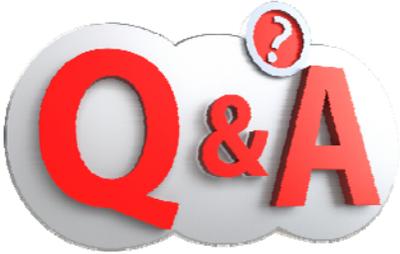
TIPS AND TOOLS you can use

- Loan Estimate replaces Initial Truth in Lending and Good Faith Estimate
- Closing Disclosure replaces Final Truth in Lending and HUD-1
- New Closing Disclosure must be delivered to consumer three business days prior to signing
- CFPB forms reflect purchasing owner’s title insurance is optional
- Date of Consummation means Date of Closing

Continued on Page 3

ALTA® is posting Q&A to the final rule and forms on their blog.

www.blog.altapro.org



TIPS AND TOOLS you can use



Find on WFG Portal:

[WFG's National Underwriting Bulletin No. 11252013](#)

[CFPB Final Rule](#)

[CFPB Fact Sheet](#)

[Loan Estimate Form](#)

[Closing Disclosure Form](#)

Final Rule for the Integrated Mortgage Disclosure Forms (continued from Page 2)

The new CFPB forms reflect that purchasing owner's title insurance is optional.

Therefore, we have a long road ahead of us to educate the consumers, real estate agents, lenders and legislators regarding the value that we bring to the real estate transaction and the trusted third party at the closing table. Questions were recently asked of ALTA®, as to why homeowner's insurance, surveys and pest inspections are not listed as optional on the Loan Estimate and Closing Disclosure forms. ALTA® responded with, "According to the CFPB's rule, the parenthetical description "(optional)" is required at the end of the label for items disclosing any premiums paid for separate insurance, warranty, guarantee, or event-coverage products that are not required by the lender as a condition of the mortgage loan".

We will start hearing the term **"date of consummation" instead of "the closing date"**.

This is being described as the day the borrower becomes legally responsible for the new loan. As an example, in the western region this would still be considered the recording date as it is today.

The new Closing Disclosure will no longer split the premiums out between the underwriter and the agent. **All of the costs will be fully itemized, thus eliminating the "roll up or groupings" format that we have today on the HUD-1.** Loan policy premiums and the settlement agent fee (closing fee) will be services that the borrower can shop for and will be shown under subcategory C while the optional owner's policy premium will be reflected under subcategory H.

If you have questions or concerns about the new rule, you are encouraged to send them to www.altapro.org/cfpb. ALTA® will post answers and analysis to the final rule and forms on their blog, which can be located at www.blog.altapro.org. WFG's Compliance Department will continue to monitor the blog and other websites to gain information about implementing the new Closing Disclosure, which will be communicated to you in future WFG *TheFourthC* publications. You can view [WFG's National Underwriting Bulletin No. 11252013](#) on this topic here, as well as the [CFPB Final Rule](#), [CFPB Fact Sheet](#), [Loan Estimate](#) form and the new [Closing Disclosure form](#). WFG is committed to investing in the updating of our systems, training our employees and educating our customers on the upcoming changes to the new Closing Disclosure form that takes place on August 1, 2015.

*Lee Ann Fenske
Senior Vice President/Compliance and National Training Manager
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It's here. And it's an industry changer. We are busy digesting the [1888 pages of the Final Rule located here](#).



WFGSCHOLAR
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...it's a great place to learn

Corporate Policies and Procedures, Regulations, Industry Best Practices, Professional Development

Watch for this **NEW** course in January: **Records Management**



To receive credit for outside job-related courses, please send certificate of completion and course agenda to: training@wfgnationaltitle.com

For **WFG Portal & WFG Scholar** questions, please contact: training@wfgnationaltitle.com

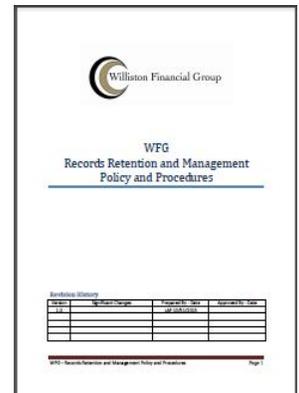
Need help logging in? Click on [WFG Scholar](#) and [WFG Portal](#) to learn more.



WHAT'S NEW FOR JANUARY?

Records Management **Mandatory Course**

Course Description: Business records are the life blood and the collective memory of our organization. That's why it's so important to manage them from the time they are created or received, through distribution, use, and maintenance, until they are finally destroyed or permanently archived. This course provides an overview of the importance and benefits of records management and supports and reinforces our [WFG Records Retention and Management Policy and Procedures](#). This enables WFG to maintain consistent and efficient operations, document actions and decisions, and comply with federal laws and regulations. The goal of this course is to teach our employees how to identify and classify business records in order to effectively protect, manage, store and dispose of them.



Have you accessed WFG Scholar to complete your mandatory courses?

Privacy and Security for Real Estate Settlement Services Companies and WFG Forgery, Fraud Prevention and UDAAP are two courses that have been assigned to WFG employees as mandatory courses. A third mandatory course, WFG Consumer Complaint Policy and Procedures will be assigned by the end of December. The links in the assigned emails are for a limited time. You can access the site by going to www.wfgscholar.com and use your Williston credentials as your username and password. As an example, Williston\firstnamelastname for your username and the password would be your normal password to access any of your production software systems. All assigned courses must be completed within 30 days.

If you have any questions regarding your account, please contact us at training@wfgnationaltitle.com.



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The **WFG Compliance Program** incorporates the latest industry best practices, as well as CFPB's most recent guidance for third party settlement service providers. Simply put, if it affects our customers, it will affect our day-to-day operations. Through our corporate directive to communicate, collaborate and co-exist, our three "C's," along with our commitment to compliance, the fourth "C," we continue to proactively work with our customers in the consumer's best interests.



WFG POLICIES AND PROCEDURES	STATE & FEDERAL LAWS AND REGULATIONS	TRAINING AND CERTIFICATIONS	AUDIT
<ul style="list-style-type: none"> - Licensing - Escrow Trust Accounting - Privacy and Information Security - Real Estate Settlement Policies and Procedures - Title Production Policies and Procedures - Liability Insurance and Fidelity Coverage - Consumer Complaint Tracking and Resolution 	<p>EXPECTATIONS: CFPB > Lenders > Service Providers</p> <p>FIVE STEPS: Service Providers > Lenders > CFPB</p> <p>RESPA, Dodd-Frank Act, CFPB, GLB, Reg Z and Anti-Rebating</p>	<ul style="list-style-type: none"> - Employees and Agents - WFG Corporate Policies and Procedures and Regulatory Compliance - Continuing Education Credit Hours - Certification (Annual) 	<p>DIRECT OPERATIONS AND SERVICE CENTERS: Adhere to WFG Policies and Procedures; Regulatory Compliance</p> <p>AGENTS: New Agents Onboarding; WFG underwriting requirements; all compliance related matters</p>

For more information about WFG National Title Insurance Company find us at www.wfgnationaltitle.com