

## WELCOME!

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

#### *Coming up in future issues:*

**February 2014 Issue:**  
WFG Code of Conduct and Ethical Business Standards, plus Notary and Mobile Notary Compliance

**March 2014 Issue:**  
Compliance in Marketing and Sales

January 2014 marks WFG’s fourth anniversary. After acquiring two title insurance underwriters and starting direct operations in Portland in 2010, WFG has grown by making strategic acquisitions, opening new offices in select markets and signing only the best title agents. Today WFG operates direct operations in five states – Washington, Oregon, California, Arizona, and Nevada with an acquisition in Texas awaiting regulatory approval. WFG currently operates in 44 states through its direct operations, Lender Services division and more than 880 of the best title agents in the country. When taken as a whole, WFG is closing one in every fifty real estate transactions in America, with a national market share of just under two percent. 2013 was a good year for WFG - and a year that will provide a strong foundation for future growth.

During 2013, WFG also built an industry leading compliance department. As the Consumer Financial Protection Bureau (CFPB) was formulating new rules that would affect mortgage lenders and all the third party companies doing business with them, WFG was busy formulating policies and procedures that would differentiate WFG from others in the industry. Amidst a backdrop of new regulations and stricter compliance WFG elected to take a proactive and leadership position by embracing the changes. WFG formed a Compliance and Audit Department and staffed it with experienced compliance managers, attorneys and auditors. The Department started by writing formal policies and procedures documenting existing practices and defining new ones. An e-learning curriculum was developed and introduced under the name *WFG Scholar*. Internal, external and third party audits were conducted, and compliance due diligence questionnaires were completed. The largest mortgage lenders in the country evaluated WFG’s policies and procedures – along with its practices and programs - and designated WFG as one of their approved title and settlement providers. WFG is proud to be an approved title and settlement company for an ever-growing number of local, regional and national lenders. Working with mortgage lenders WFG continues to improve its effectiveness as a leader in compliance.

As WFG starts its fifth year we remain committed to our motto of “taking time and cost out of the real estate transaction process” by following WFG’s three “Cs” - *collaborating* with our customers, *communicating* at every opportunity and *co-existing* in a highly competitive environment. In 2013, we added a fourth “C” to the mix – by committing significant talent and resources to the company’s *compliance* efforts. 2014 will be another year of growth for WFG – one requiring even more understanding and implementation of compliance programs.

Thank you for helping WFG expand into new markets, adding new title agents and for supporting our efforts at being the industry leader in compliance.

I hope you enjoy this month’s issue of *TheFourthC*.

*Patrick Stone*  
President and Chief Executive Officer  
Williston Financial Group LLC

## 2013 in Review and a Look Ahead to 2014

*2013—the year of Compliance*



### TIPS AND TOOLS you can use

#### Five Core Competencies

- Risk Assessment
- Documented Policies and Procedures
- Employee Development and Training
- Operational Process Reviews and Audits
- Creating a Comprehensive Compliance Management System (CMS)

As we start 2014 facing the effective dates of the majority of the new rules announced by the Consumer Financial Protection Bureau (CFPB), a brief look back at WFG's compliance and audit efforts during 2013 seems in order.

#### A brief look back at 2013

Early in 2013 members of WFG's Compliance and Audit Department agreed on **five core competencies** necessary for a meaningful compliance and audit effort. To be successful the Department - and by extension WFG as a company - would have to exhibit competency in five key areas – **(i) risk assessment, (ii) documented policies and procedures, (iii) employee development and training, (iv) operational process reviews and audit and (v) creating a comprehensive compliance management system (CMS)**. These five core competencies became the organizational structure for much of the work completed during 2013.

**Risk assessment** - using a simple 2x2 matrix of probability versus impact thirty events were plotted. Events with the highest probability of occurrence and with the greatest potential impact on WFG were noted as the events of greatest risk and highest priority. Events plotted in other three sections of the matrix were given lower scores and determined to be of lower priority.

**Policies and Procedures** – during the year more than thirty policies, practices and procedures were codified into written P&Ps and then published on the WFG website. These P&Ps were used as training topics for employees, and many of the P&Ps were distributed to lenders in response to their compliance due diligence questionnaires.

**Employee Development and Training** - during 2013 WFG's training curriculum was made available on an online e-learning platform created under the name *WFG Scholar*. Employees were encouraged to complete a minimum of twelve hours of continuing education each year. Both elective and mandatory courses were created with employees required to complete on-line training on subjects such as protecting consumer non-public private data, fraud and forgery awareness and effective consumer complaint tracking and resolution. By year end, more than 560 employees were enrolled on *WFG Scholar*, and more that seventy percent of all employees had completed the required training courses.

**Process Review and Audit** – during the year WFG's audit team conducted 441 audits of WFG agents located in twenty-two states. One hundred percent of all state mandated audits were completed by year-end. Compliance managers completed process reviews of WFG direct operations and Lender Services offices in Washington, Oregon, California, Nevada, Arizona, Texas, Pennsylvania and Minnesota. In all, more than thirty WFG direct operations were visited during 2013.

**Compliance Management System (CMS)** – Using SharePoint, WFGcloud and Dropbox the Compliance and Audit Department was able to store all compliance and audit related records, P&Ps and training curriculum in an online repository. When asked for a copy of WFG's CMS – lenders received a summary of the five core competencies and the appropriate documentation to support each one.

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## 2013 in Review and a Look Ahead to 2014 (continued from Page 2)

## Looking ahead to 2014



### TIPS AND TOOLS you can use



#### Expect in 2014:

- Increase security in office entrances
- More controls in the selection, management, training & retention of vendors
- Increased disclosures
- Tracking consumer complaints

### What to expect in 2014

There is a general consensus that during 2014, the real estate and mortgage industries will see lower refinance transaction volumes, increasing home equity lending and more new home and commercial transactions. Mortgage rates will approach five percent; home values will continue to increase, and the number of default, foreclosure and short sales will continue to decline.

From a compliance perspective here are a few things you can expect during 2014:

- Increased security at office entrances and at the receptionist's front desk – customers and visitors will be asked to produce photo ID, sign-in and out, and wear a visitor badge while in the office
- Increased security in operational and production areas – more video cameras, required paper shredding and computer monitors protected from unauthorized viewing
- More documentation and controls in the selection, management, training and retention of vendors selected to perform services for title and settlement companies. Most affected will be notaries, abstractors, couriers and paper shredding companies
- Close monitoring for adherence to the terms contained in service level agreements, and the production metrics recited in contracts with major customers
- More written documentation of policies and procedures followed by more training on these topics
- Increased disclosures – customers will be given more detailed information about protecting their non-public private information, as well as, more disclosures about the cost of their loan and the fees and expenses associated with the real estate transaction
- WFG employees will be expected to complete a minimum of twelve hours of continuing education with half of those hours in mandatory courses dealing with high visibility and high liability areas such as consumer finance laws, consumer data security, escrow losses and title claims
- WFG will adopt additional requirements for effectively tracking and resolving consumer complaints
- WFG will install newly updated escrow software to support CFPB's newly issued rule requiring integrated mortgage disclosure with the Closing Disclosure Statement
- The breadth and depth of internal and agent audits will continue to expand
- Lenders and others will ask for attestations confirming complex practices are being followed, and audits have been completed

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*2014 a year  
of actual  
performance &  
accountability*



**TIPS AND  
TOOLS  
you can use**



**Expect in 2014:**

- **Attestations confirming complex practices are being followed and audits are completed**
- **Remain flexible and adaptable to changes**
- **Internal and agent audits will continue to expand**

**2013 in Review and a Look Ahead to 2014 (continued from Page 3)**

As you read the foregoing list of expected changes for 2014, note a few of the key words – “more”, “stricter”, “disclosures”, “monitoring”, “documentation”, “controls”, “audit”, “process review”, “consumer protection”, “systems”, “requirements”, etc.

**Expect the Unexpected**

For the past fourteen months, employees in the WFG Compliance and Audit Department have worked tirelessly to advance the compliance and audit core competencies of the company. 2013 was a year of interpretation of new rules and preparation for when the rules would take effect. 2014 will be a year of actual performance and accountability. We are prepared for the regulatory and compliance mandates imposed by CFPB while we are also ready for some of the unexpected. It is not yet settled who between lenders and settlement agents will complete the new mortgage disclosure forms, or how the three day review process will play out in the closely choreographed end-of-the month closing dance. There will be other compliance and audit related activities that will be sorted out during 2014. WFG remains committed to being a leader in regulatory compliance while remaining flexible and adaptable to changes – both expected and unexpected that will undoubtedly occur during 2014.

**Clearly the real estate industry is in the midst of significant regulatory changes. 2013 was the year of interpretation and preparation. 2014 will be a year of performance and accountability.**

**I encourage you to continue to watch the pages of *TheFourthC* as we face the challenges of 2014.**

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

**Protect Our Consumers by  
Email Encryption**

We live in a world where we exchange our personal, non-public information to obtain goods and services in the most convenient way possible. Long gone are the days when we bought goods from a catalog, paid for them by check and waited a month or two for them to arrive. We are now in the habit of paying for what we want with our credit card and expecting them to arrive within two days, at most.

Electronic data storage and exchange is what makes this convenient and easily possible, but it comes at a price. For our Christmas gifts to arrive in two days' time, many entities had to have access to our personal, non-public information, process it, exchange it with each other and had to keep it safe from prying eyes. The very convenience that facilitates the shopping transaction also allows bad actors to have easy access to the confidential data that enables it, as the privileged data has to enter the same communication channels that we use to access non-confidential information.

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*Encryption  
in transit  
(forced TLS)  
is the method  
of choice*



**TIPS AND  
TOOLS  
you can use**



**PORTAL**

Locate the following information in the WFG Portal:

[WFG Email Encryption Policy and Procedures](#)

- Email Encryption Details
- Email Encryption Flowchart
- Example of Encrypted Email
- Email Encryption FAQ's

**Protect Our Consumers By Email Encryption (continued from Page 4)**

For many organizations, email is now considered a business-essential service, and many of us would not be able to conduct business effectively without it. However, it being convenient and readily available also makes it an ideal medium for unauthorized parties to exploit and to obtain the information they otherwise would not be able to.

As a title insurance underwriter and settlement services provider, WFG National Title Insurance Company and WFG Title Insurance Company—and each of its subsidiaries (WFG) have access to personal and non-public information about the buyers, sellers and borrowers that use WFG's services to close real property transactions. This non-public, private information often referred to as "NPI" includes not only the borrower's social security number, but can also include such details as loan account numbers, bank information, credit card numbers or any piece of information that a malicious third party can use, together with the consumer's name and address, to impersonate the consumer and cause him or her financial or reputational harm. In addition to potential harm caused to the consumer, WFG is also in a position to suffer financial and reputational harm if it fails to protect the consumer's information adequately, both at rest (i.e., on its servers) and in transit (e.g., in an email or on a website).

**To protect the consumers that rely on WFG and comply with the directives of the Consumer Financial Protection Bureau (CFPB), WFG utilizes email encryption technology, which ensures that the information contained in an email, whether it is in the body of the message or its attachments, is transmitted in a form that is not readily discernible or usable by third parties that are not the intended recipient of the message.**

We employ two distinct technologies to accomplish email encryption. In both models, the sender does not need to follow any special procedures (except for **encryption on demand**); however, the recipient experience is different. For sheer peace of mind and convenience, **encryption in transit (forced TLS)** is the method of choice; however, it does require a partnership with the recipient's organization and a certain level of re-configurability on the recipient's end. For those recipients who cannot enter into a **forced TLS** partnership, a **secure link** is the only other option. Both methods are discussed below.

**WFG Email Encryption Basics**

1. For certain recipients, all email is encrypted regardless of content. If encryption cannot be established, email is not sent. This is called **forced TLS**. It does require cooperation from the recipient organization, but it is transparent to the sender and the recipient.
2. For other recipients, email is encrypted **based either on policy or demand**. WFG will encrypt emails containing social security numbers, credit card numbers, taxpayer identification and driver's license numbers automatically and without user intervention. Certain attachment names, such as "loan documents" or "closing package", also trigger automatic encryption. This process is also transparent to the sender.
3. WFG users can also require that an email be encrypted by including a special keyword, **#encrypt#**, in the body or subject line of their emails.
4. The recipients of such an email will then receive a link to a secure website from which they can retrieve the email and its attachments. The link is valid for 30 days.

Refer to the link for further details, example, flowchart and helpful frequently asked questions contained in the [WFG Email Encryption Policy and Procedures](#).

*Gorkem Kuterdem  
Senior Vice President/Chief Technology Officer  
Williston Financial Group LLC*



WFG Scholar is the New Employee Learning Management System for WFG Employees

## WHAT'S NEW FOR FEBRUARY?

### Internal Notary Public and External Mobile Notary Policy and Procedures Course Mandatory Course based upon job description

**Course Description:** This course provides a comprehensive knowledge and understanding of notarial principles, standards and procedures when performing a notarial act. This course also covers WFG rules and expectations for notary responsibilities of employees on all WFG and WFG Lender Services transactions as stated in the recent policy and procedure. Included in this training are the new requirements imposed on all mobile notaries that are hired on behalf of WFG and WFG Lender Services.



**WFG SCHOLAR**  
powered by Williston Financial Group

...it's a great place to learn

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

Watch for this **NEW** course in February: **Internal Notary Public and External Mobile Notary Policy and Procedures Course**



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

For **WFG Portal & WFG Scholar** questions, please contact:  
[training@wfgnationaltitle.com](mailto:training@wfgnationaltitle.com)

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



## Important Information on Course Completions in WFG Scholar

- The system does not recognize that a user completed the course if they click on the next button before the recording is finished on each screen. Therefore, a decision has been made to not allow the use of the "next button" in order to skip screens. Each user needs to make sure they have uninterrupted time in which to complete each course.
- The links in the assigned emails are for a limited time. You can access the site by going to [www.wfgscholar.com](http://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](mailto:training@wfgnationaltitle.com).

**WFG SCHOLAR**  
powered by Williston Financial Group

*Lee Ann Fenske  
Senior Vice President/Compliance and National Training Manager  
WFG National Title Insurance Company*

# FAST FACTS

Turn to The FourthC Fast Facts each month for continued information from the 1888 pages of the final CFPB rule on the Integrated Mortgage Disclosures.

## Does the new rule apply to transactions in which the borrower is a Corporation?

**No**, pursuant to the CFPB, the final rule does not apply to transactions in which the borrower is not a natural person. The example given on page 1655 of the Official Interpretations – Loans to corporations, partnerships, associations, churches, unions and fraternal organizations. The exemption applies regardless of the purpose of the credit extension and regardless of the fact that a natural person may guarantee or provide security for the credit.

## Does the new rule apply to transactions in which the borrower is a Trust?

**Yes**, credit extended for consumer purposes to certain trusts is considered to be credit extended to a natural person rather than credit extended to an organization. Refer to pages 1655 and 1656 of the Official Interpretations.

## Explain the three-day delivery method prior to consummation (closing)?

The documents can be sent via:

**Courier/hand delivered:** Receipt necessary to document the date that the consumer received the disclosures.

**Encrypted electronic delivery via email:** If a creditor delivers the disclosures on Monday, the consumer is considered to have received the disclosures on Thursday. The creditor may rely on evidence that the consumer received the email earlier if the consumer emails them back earlier with confirmation that they received it. The example given on Page 1691 of the Official Interpretations is, if the creditor emails at 1:00 on Monday and the consumer responds back at 5:00 PM on the same day, the creditor could demonstrate that the disclosures were received on the same day. However, the creditor using electronic delivery method must have the consumer's written consent and other applicable provisions of the E-Sign Act prior to delivering the disclosures via email.

**Regular mail:** The consumer is considered to have received the disclosures three business days after they are delivered or placed in the mail. Example given on page 1722 and 1724 of the Official Interpretations shows that if the consummation is scheduled for Thursday, then the creditor places the disclosures in the mail the Thursday of the previous week, because for the purpose of Section 1026.19(f)(1)(ii), Saturday is a business day so the consumer would be considered to have received the disclosures on the Monday before consummation is scheduled.



# WFG National Title Insurance Company

a Williston Financial Group company

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"> <li>- Licensing</li> <li>- Escrow Trust Accounting</li> <li>- Privacy and Information Security</li> <li>- Real Estate Settlement Policies and Procedures</li> <li>- Title Production Policies and Procedures</li> <li>- Liability Insurance and Fidelity Coverage</li> <li>- Consumer Complaint Tracking and Resolution</li> </ul>	<p><b>EXPECTATIONS:</b> CFPB &gt; Lenders &gt; Service Providers</p> <p><b>FIVE STEPS:</b> Service Providers &gt; Lenders &gt; CFPB</p> <p>RESPA, Dodd-Frank Act, CFPB, GLB, Reg Z and Anti-Rebating</p>	<ul style="list-style-type: none"> <li>- Employees and Agents</li> <li>- WFG Corporate Policies and Procedures and Regulatory Compliance</li> <li>- Continuing Education Credit Hours</li> <li>- Certification (Annual)</li> </ul>	<p><b>DIRECT OPERATIONS AND SERVICE CENTERS:</b> Adhere to WFG Policies and Procedures; Regulatory Compliance</p> <p><b>AGENTS:</b> 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](http://www.wfgnationaltitle.com)