



Welcome to TheFourthC WFG's Monthly Compliance Newsletter

This month marks the second anniversary of WFG's *TheFourthC* compliance newsletter and my opening welcome letters. As I consider the past two years, I am reminded how far WFG's Compliance & Audit Department has come since the end of 2012. We have made significant strides towards compliance awareness and implementation of programs designed to raise WFG's overall compliance quotient. I am also reminded compliance, like many other disciplines is always a "journey" with no likelihood of arriving at a final destination but rather, when done correctly, significant accomplishments and important milestones can be realized.

Since the outset, the Compliance & Audit Department has expanded its auditing programs to incorporate the changing regulatory environment. WFG has adopted ALTA's seven pillars of Best Practices and made a commitment to implement and comply with new rules announced by CFPB governing lenders and affecting settlement service providers. In the process, we have written and implemented new policies and procedures. *WFG Scholar* was introduced in 2013, where we train WFG employees on many of the ALTA Best Practices, privacy and security matters, underwriting issues, regulatory mandates and TRID readiness. We took on the responsibility of completing the ever increasing number of lender questionnaires in order to continue to advocate "one voice for one company" in our responses. As part of this process, members of the Compliance & Audit Department have routinely attended lender audits as the face of compliance so we can speak about the company's policies and assist the business units. We engage in speaking about WFG's commitment to compliance at corporate and department meetings, industry and trade-group conferences and real estate and title industry conventions. To assist with planning and future vision for WFG compliance programs we developed a

Compliance Advisory Council made up of WFG employees representing a number of professional disciplines. Last but not least, we celebrate this anniversary issue with you, as the manner in which we **communicate our compliance objectives and seek to collaborate with readers** through *TheFourthC*.

One of WFG's early compliance initiatives was to develop a Consumer Complaint Policy and Procedure and create a Consumer Complaint Portal. This month Mickey Vandenberg writes about this topic in her article "Important Information about Consumer Complaints". When handled correctly, consumer complaints can help organizations grow by knowing those areas where service is viewed by the consumer as inadequate. By effectively dealing with consumer complaints, WFG can identify areas of weakness and take appropriate corrective actions. In the process, managers can mentor professional growth and establish enhanced internal and external communication. All WFG employees are encouraged to take an active part in the consumer complaint tracking and resolution process. Gain insight into that process by reading this anniversary issue.

Also in this month's issue, you will learn "What's NEW in *WFG Scholar*," and what new and revised corporate-wide policies and procedures were approved in March.

Stay tuned . . . coming in the May issue of *TheFourthC*, we will feature an article on indemnity agreements, entitled "*Why Can't You Insure It? They did!*"

Interested in a particular compliance or audit topic? Or, writing an article for *TheFourthC*? We are always looking for ideas for new articles and new contributors. If you have an idea for a future article or want to write an article, please contact us at compliance@wfgnationaltitle.com.

August 1st is less than four months away. How is your team preparing for the new Integrated Mortgage Disclosures and the changes in the closing process? Reach out and let us know if you have any innovative ideas that we can share with others.

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



Important Information about Consumer Complaints

Overview of the New Procedures

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 authorized the creation of the Consumer Financial Protection Bureau (CFPB), which will enforce the new TILA-RESPA Integrated Disclosure Rule. Beginning August 1, 2015, the GFE and HUD-1 will be replaced for most transactions with the Loan Estimate and Closing disclosures, which will change the way we do business, but that's a different story.

Since its inception, the CFPB has welcomed consumers to submit consumer complaints, which are used as a measuring tool for looking out for consumer's best interest. As an indication of the importance of consumer complaints to the new regulatory system, beginning August 1, 2015, page 5 of the Closing Disclosure form contains language advising the borrower of how to make a complaint with the CFPB.



Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

The Consumer Complaint Process

There are five steps in the consumer complaint process. First, the borrower submits the consumer complaint to the CFPB, with a description of the facts and the issue being presented to the CFPB's attention. Second, the CFPB provides the complaint and any supporting documentation to the company against which the complaint is made. Third,

the company submits a written response to the CFPB, identifying any steps taken to address the borrower's concerns and setting forth its position on any regulatory compliance issues. Fourth, the borrower is allowed to reply to the company's written response, and to provide any new information that might assist in the CFPB's review. Finally, the CFPB may conduct its investigation and analysis of the consumer complaint, and may issue a report and consider any enforcement action that is warranted.

The CFPB's consumer complaint database is made available to the public as a searchable database, organized by topic and industry. This repository facilitates the information gathering process among different governmental agencies, private individuals and organizations interested in public and private legal enforcement mechanisms. Companies and individuals in regulated industries also use the CFPB's consumer complaint database to evaluate trends and compliance issues in a proactive manner. Thus, the consumer complaint process is not only a means for regulators to obtain information about compliance issues, but presents an opportunity for regulated businesses to better understand and anticipate regulatory and enforcement issues as they arise.

Handling Consumer Complaints

WFG Consumer Complaint Policy requires the proactive handling of any consumer complaints or other issues as soon as they arise. First and foremost, WFG views any consumer complaints as a customer service issue and strives to meet or exceed the expectations of the clients it serves. Whether made formally to the CFPB or informally to a WFG employee, a consumer complaint or issue is an important means of obtaining the information necessary to improve operations. Most of the time, a consumer complaint made directly to WFG can be satisfactorily resolved, thus avoiding the need for a formal complaint to the CFPB.

Any consumer complaint or similar reported concern must be immediately reported to a supervisor. A customer or consumer complaint is generally defined as a dissatisfaction or discontentment with a company's products or services. The CFPB, for example, defines a consumer complaint as "an expression of dissatisfaction or discontentment with or allegation of wrongdoing by a provider of any financial product or service." The best practice is to exercise caution and report the complaint since the interpretation of "dissatisfaction or discontentment" is rather vague. As escrow professionals, we understand the difference between venting and a complaint. Make sure the complaint is documented in writing, placed in the file and recorded in the WFG Consumer Complaint database. All WFG employees must follow the [WFG Consumer Complaint Policy and Procedure](#) and record the complaint on the WFG Consumer Complaint Portal at <http://sharepoint.williston.local/sites/consumercomplaints/>. The timely and accurate recording of consumer complaints and similar types of issues is an important means of protecting ourselves and ensuring that any regulatory enforcement proceedings, governing agency or legal actions are based on a complete and accurate record. Prompt

handling of customer complaints made directly to WFG will also facilitate timely written responses when we receive inquiries from CFPB.

Another reason to promptly and accurately document consumer complaints is that WFG is required by some lenders to notify them within specified time frame when a consumer has submitted a complaint. This means the prompt and complete reporting is also an important means of serving our clients and in protecting our clients against unnecessary regulatory or legal risks. We must remember the following principles in order to protect ourselves in the new regulatory environment and ensure the highest levels of client service and unparalleled customer experience:

- 1. Consumer complaints must be promptly and accurately reported according to our WFG PP Consumer Complaint Policy;**
- 2. The timely and thorough reporting and written record of consumer complaints are essential to protecting WFG, our personnel and our clients in the new regulatory environment; and**
- 3. WFG personnel's compliance with these reporting requirements is an essential job function.**

WFG and our personnel's fulfillment of these principles will enhance our internal compliance controls and enhance customer service in a competitive marketplace. Our continued success depends on your compliance with the new rule surrounding consumer complaints.

*Mickey Vandenberg
Senior VP/National Escrow Manager
Williston Financial Group*



Policies & Procedures

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A summary of new and revised WFG Policies and Procedures that were issued in March, 2015 are:

New

→ [WFG Training Policy and Procedure v1.0](#)

Revised

→ [WFG Unfair, Deceptive, or Abusive Acts and Practices \(UDAAP\) Policy and Procedure v1.1](#)

→ [WFG Brand and Trademark Proper Use Policy and Procedure v1.1](#)

- [WFG Pandemic Response Plan v2.1](#)
- [WFG Security Incident Management Policy and Procedure v1.2](#)



Do we have to send out the Closing Disclosures to each consumer if there are multiple borrowers?

When two consumers are joint obligors with primary liability on an obligation, the disclosures may be given to either one of them. If one consumer is merely a surety or guarantor, the disclosures must be given to the principal debtor. In rescindable transactions, however, separate disclosures must be given to each consumer who has the right to rescind. Refer to page 1670 of the Official Interpretations.

May a borrower waive their right to view the Closing Disclosure?

The borrower may waive their right to view the Closing Disclosure only if they have a bona-fide personal financial emergency. The only example the Bureau gave is if the imminent sale of the consumers home through foreclosure where the proceeds of the new mortgage can save the home from foreclosure. Refer to pages 1691 and 1725 of the Official Interpretations.

Do we still have to split out the title premiums between the underwriter and the agent?

No, 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 of the Closing Disclosure, while the optional owner's policy premium will be reflected under subcategory H.

Can we still show the sellers and buyers figures on separate Closing Disclosures?

Yes, pursuant to page 1854 of the Official Interpretations, it is permissible to have two separate Closing Disclosures in a transaction. One that reflects the buyer's costs and credits only, which are provided to the buyer, and one that reflects the seller's costs and credits only, which is provided to the seller. Some State laws may prohibit provision of information about the buyer to the seller and about the seller to the buyer.

Can additional pages be added to the Closing Disclosures?

Additional pages may be attached to the Closing Disclosure to add lines, as necessary, to accommodate the complete listing of all items required to be shown pursuant to page 1854 of the Official Interpretations. For example, breakdown of payoff figures, a breakdown of the consumer's total monthly mortgage payments, an accounting of debits received and checks disbursed, a statement stating receipt of funds, applicable special stipulations between buyer and seller, and the date funds are transferred. A reference such as "See attached page for additional information" should be placed in the applicable section of the closing disclosure.



What's New in WFG Scholar?

Courses:

WFG Course on Probate – The goal of this course is to raise the overall understanding of the probate process and to help the learner identify the various scenarios that they may encounter in a real estate transaction that involves probate. Probate can refer to a variety of actions generally concerning the property of deceased persons, and the property and well-being of persons with some legal incapacity.

Also, coming soon – WFG's Journey to Understanding the New Loan Estimate Form.

Policy and Procedure Acknowledgements in Scholar

There are **two** steps to the P&P Acknowledgements – The first step is to open the “PP Review” module, read the P&P and at the bottom there is a blue “next” button, which you must click. Doing so will show this module as being completed. Next go to the “Acknowledgement” module and click on the “yes” dial button, and then click continue. There are two review/continue tabs that you must click and then it will show that you completed this module and you shouldn’t receive any further email reminders. If you don’t complete both modules, the system will reflect that you are 50% complete on each Acknowledgement. If you have any questions or concerns regarding your account, please contact training@wfgnationaltitle.com.



WFG Compliance Program

The WFG Compliance Program incorporates the latest industry best practices, as well as CFPB’s most recent guidance for third party settlement services providers.

[Check out all the new information on our website](#)