



Welcome to TheFourthC WFG's Monthly Compliance Newsletter

The countdown to October 3rd and the use of the new TRID forms is no longer months away, but days and we continue to be consumed with final preparations. WFG employees, supervisors and managers are to be commended for their focus on compliance-related education, TRID training, system integrations and lender outreach. Thank you to everyone who has kept us on track and prepared the Company for the implementation of the new rules.

The Consumer Financial Protection Bureau (CFPB) has made it clear that lenders will be held responsible for the actions or inactions of the service providers they engage in the settlement process. In a similar way, title and settlement service companies, who hire fourth party vendors to assist them with their businesses will be accountable for the actions or inactions of their vendors. When considering the number of participants in the service-supply chain, it becomes even more important that each company thoroughly evaluate or "vet" the service providers they hire.

The process of vetting vendors can become a complex due-diligence process, especially when the vendor has access to consumer non-public personal information (NPI) or a company's proprietary business records. WFG's Information Security Office and the Compliance and Audit Department get involved in the vetting and ongoing management of vendors when vendors have - or may have - access to NPI. Recently, Steven Zalewski was added to WFG's corporate staff as the Company's Vendor Management Coordinator. Centralizing the vendor evaluation, selection and management process helps create consistency and standards for documenting the vendor vetting process. It also helps with the ongoing monitoring of the vendor partnership.

In this month's issue of *TheFourthC* Lee Ann Fenske has written an article entitled "Vendor Analysis + Vendor Evaluations + Vendor Risk Management = WFG's Vendor Management Program." The article points out the importance of evaluating the qualifications of all vendors used by WFG's business units and departments. In addition to Lee Ann's article, more information about WFG's vendor management policy can be found in the Company's policy and procedure, which is linked to the article.

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 August.

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.

Enjoy this month's issue of *TheFourthC*.

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



Vendor Analysis + Vendor Evaluation + Vendor Risk Management = WFG's Vendor Management Program

In the Consumer Financial Protection Bureau's (CFPB) April 13, 2012 bulletin, they stated that "Lenders may be held legally responsible for the actions or inactions of their service providers." This creates a trickle-down effect through vendors and service providers that provide services or products to the consumer.

WFG's Vendor Management Program is conducted from the corporate headquarters in Portland, OR for all vendors. A business unit manager or supervisor needs to contact our Vendor Management Coordinator (VMC) as WFGVendorApplications@willistonfinancial.com when they need a vendor for any service or products for them to be appropriately vetted. The VMC will need the business unit manager's input and knowledge of the potential vendor's reputation, service level and cost in their community. This process must be followed as stated in the [WFG Vendor Management Policy and Procedures](#), even if the vendor does not have access to the consumer's, employees or corporate NPI.

The vendor completes an application for the Vendor Management Coordinator. In the application, we ask specific questions of the vendor and require that they provide supporting documentation that relate to:

- Background checks for the vendors employees and contractors,
- Information security policies and procedures,
- Handling of WFG's and consumer's NPI,
- Proof of licensing and specific insurance coverages,
- Provide proof of financial stability,
- How consumer complaints are handled,
- Disaster Recovery and Business Continuity,
- Vendor references,
- Vendor management practices,
- Non-disclosure Agreement (if applicable), and
- Are they classified as a diverse business enterprise.

Once we receive the completed application from the vendor, together with their supporting documentation, our due-diligence process begins. The level of vendor review and evaluation process that is conducted by our Vendor Management Coordinator is based upon the vendor having access to the consumer's non-public personal information (NPI). The due-diligence process and research are documented on WFG approved questionnaires, which are then reviewed and approved by management. In addition, there is a Vendor Information Security Review (VISR) Questionnaire that will be completed and reviewed by WFG's Information Security Office if the vendor has access to, transmits, or stores consumer's NPI or other sensitive or proprietary information.

Upon internal approval, the vendor receives the most current WFG Vendor Services Agreement for execution. The vendor's signature represents that they can and will comply with the expected protection of WFG and its consumer's NPI, comply with state and federal laws, requires notification of consumer complaints, as well as enforceable consequences for violations.

When lenders conduct their due-diligence on us, they often ask for a list of vendors that have access to NPI. By centralizing our vendor management, we can keep an abstract of all of our vendors that have access to NPI.

As a service provider, we are also required to monitor and audit ongoing relationships with our vendors. As part of the audit process, the business units will be given random questionnaires of their vendors. These questionnaires ask questions about the vendor's products, services, reputation, the capacity to handle our volume, complaints made against the vendor, and their compliance with NPI, just to name a few. WFG's Information Security Office, and Compliance and Audit Department work in tandem on the periodic audits of the vendors.

Along with many other changes in our title and settlement service industry, the way in which we handle our management of vendors has to change. Building a better relationship with our vendor partners starts with a consistent review and vetting process. Long-term relationships can ultimately be gained if we communicate our expectations of compliance in the early stages of the vendor negotiations.

Lee Ann Fenske
SVP Compliance/National Training Manager
WFG National Title Insurance Company

Policies and Procedures

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

Revised

- [WFG Anti-Money Laundering, Forgery and Fraud Prevention Policy and Procedure v2.2](#)
- [WFG Unauthorized Practice of Law Policy and Procedure v1.2](#)
- [WFG Contract Creation, Review and Approval Policy and Procedure v1.1](#)
- [WFG Legal Process \(also known as Service of Process\) Policy and Procedure v1.1](#)

New

- [WFG Vendor Management Policy and Procedure v1.0](#)



What's New in WFG Scholar

COURSES: WFG's Journey to Maintaining Compliance in the New TRID World

(mandatory for escrow employees)

In our new TRID world we are responsible for knowing and being compliant with the consumer finance laws, and if we fail to comply, there could be serious financial consequences. Some of our clients may not understand the new requirements, and it may be up to our escrow staff to explain what we can and cannot do under the new Rule. Some of us may not be used to, or feel comfortable saying no to our clients. However, with the CFPB fines starting at \$5,000. per day and going all the way up to a \$1,000,000. per day we must have a plan in place to address certain issues that we will be confronted with. This course will review ten of the top items we feel that escrow will encounter after October 3, 2015, and how our escrow professionals should respond.

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](#)