



Wells Fargo

## Settlement Agent Communications

News for Wells Fargo Settlement Agents

January 21, 2021

### Goodbye 2020; hello 2021!

Thank you! We could not begin the new year without first thanking you for helping serve our customers in 2020, a year full of unique challenges that tested our industry to work together in new and different ways. We greatly appreciate how you have worked with our Wells Fargo team, and look forward to our continued work together in 2021 to help customers achieve their homeownership goals.

This newsletter edition contains a combination of both new and updated information, along with a few reminders worth repeating.

### Closing process updates

Continuous process improvement is an important part of our business to enhance the customer experience, while improving efficiency and quality. Following are several examples of process improvements you will begin to notice in our closing process as these changes are implemented in phases over the coming months:

- Delivery of the borrower Closing Disclosure (CD) to our customer earlier, at a more consistent point in the loan process.

*System changes will trigger the initial Closing Prep Package delivery and notify the closer to initiate the CD collaboration when pre-requisite loan processing actions have been completed. As soon as the CD collaboration with the settlement agent is successfully completed, the CD will be delivered to the customer. Settlement agents should see earlier requests to initiate CD collaboration, and fewer rush requests.*

- Auto-populated email templates for use by closers to communicate critical loan information to settlement agents nationally.

*Email templates for consistent communication of required loan information will be used by all closing teams. Manual data entry is eliminated. Settlement agents should see increased consistency and accuracy in these communications for all loans. Note: Managed vendors should continue to follow defined communication processes.*

- Consistent and timely notification of transaction changes.

*System changes will notify the closer when there is a change in the transaction that impacts the CD, loan documents, or any other aspect of the loan closing. This will reduce potential delays for closers to be notified of or detect changes. Settlement agents should see a reduction in last minute change notifications.*

- Improvements to enable a more timely delivery of the loan documents for closing.

*The closer's ability to release loan documents is sometimes blocked by deferred approval conditions, expiring documents, etc. Process changes will prevent loans that are not clear to close from being prematurely scheduled for closing, and will increase oversight of loan document delivery timing. Settlement agents will see improvement in the timing between scheduling and delivery of loan documents, and fewer closings needing to be rescheduled due to delayed loan documents.*

### **Title order response timing**

Fast receipt of the title commitment\* is important to expedite the loan process for on-time closings. Wells Fargo's expectation for return of the title commitment is within **5 business days** after the title order is placed. For title commitments not received within this timeframe, our follow up process has been enhanced to include the following:

- Follow-up emails are generated from [WellsFargoTitleOrder@wellsfargo.com](mailto:WellsFargoTitleOrder@wellsfargo.com) for all title commitments not received within five (5) business days following the order date. Follow-up emails will also include other outstanding title-related documentation, such as the closing protection letter, where applicable.
- Emails are now sent twice weekly, on Tuesdays and Thursdays. All outstanding documents for the same settlement agent location will be batched into a single email. This reduces the number of follow up emails being sent to your company or firm.
- If the outstanding documents have not been received after 2 follow up attempts, a representative from the Title Order team will contact you by phone. These contacts will repeat every 3 days until the documents are received.
- Documents should be delivered to [WellsFargoTitleOrder@wellsfargo.com](mailto:WellsFargoTitleOrder@wellsfargo.com).
- Managed vendors should continue to follow defined processes for delivery of these documents through the Black Knight Exchange.

For new construction transactions, the title order timing is aligned to the targeted date for construction completion and closing, but once the order has been placed the same timing expectations and follow up process will be applied.

While most title commitments can be reviewed and cleared quickly upon receipt, unexpected title issues can quickly derail a closing when they are detected late in the process. We appreciate your focus on title commitment turn times, and hope that the information in the follow up reports is helpful to you.

*\*For Iowa properties, this same follow up process applies to Iowa Title Guaranty orders.*

## **COVID-19-related reminders**

Thank you for the innovative options provided for customers to continue to close their loans as safely as possible. Please continue to ensure that anyone who comes in contact with a Wells Fargo customer for closing — *including notary signing agents you engage to meet with customers outside of your office* — wears a mask and takes all applicable precautions to protect customers and colleagues.

Please also continue to protect our customers' rights to protect the privacy of their health information. Note that Wells Fargo cannot accept or retain any personal health information in our loan file, including any health questionnaires. If we become aware that a customer is not able or willing to proceed with a closing due to health concerns, we will not request an explanation.

While the frequency of recording delays has been reduced, we continue to see examples due to a county recorder office that is closed or with reduced capacity related to COVID-19. When this occurs, Wells Fargo will allow the loan to close subject to the following:

- Title insurance gap coverage effective from the date of consummation (the date the Note is signed) to the date of recording. Gap coverage that does not take effect until the date of recording will not be accepted.
- There can be no exceptions to coverage in Schedule B pertaining to COVID-19 or the county recorder closing/delay. If the commitment includes an exception requiring the borrower to sign an indemnification agreement, an updated title commitment or other documentation evidencing that this has been satisfied will be required.
- Wells Fargo will not sign any indemnification agreement required by the title agent or title underwriter as a condition for closing and/or title insurance. These conditions impact legal, compliance, and investor requirements and will not be signed.
- Please consult with your title underwriter as needed if you are unable to meet these requirements.

A final important reminder is that Wells Fargo does not allow loan closing documents to be signed electronically or remotely notarized outside of limited RIN and RON LPOA processes implemented through specific, managed vendors.

### **State-specific update: Florida reduced mortgage and/or intangible tax**

The State of Florida - Department of Revenue allows for reduced mortgage tax and/or reduced intangible tax on some refinance transactions. To qualify for the reduced tax, a specific Renewal, Extension and Modification Agreement (REMA) and process to modify the original lien is required.

Wells Fargo policy and process does not support executing this REMA process for our refinance transactions, and therefore requires the Florida tax to be calculated on the entire loan amount and disclosed accordingly in our borrower CD.

We have experienced some examples where settlement agents are attempting to apply the reduced tax to refinance transactions outside of the REMA process. This may be happening due to differing legal opinions on the Florida law, or for other reasons. In any case, this is not allowed on a Wells Fargo

transaction. We appreciate your cooperation to adhere to our instructions on this matter for Florida refinance transactions.

## IRS Form 1099-NEC

Wells Fargo is required to send Form 1099 to a business that is paid by Wells Fargo for services performed, or for known compensation paid to a business. For settlement agents who closed Wells Fargo loans, Wells Fargo wired loan proceeds to your business, and some of these loan proceeds paid for title and/or closing services performed.

Form 1099-NEC is required when Wells Fargo is acting as a "middleman", making payments of income for services on behalf of someone - in this case, the borrower. This reporting is required because Wells Fargo directly provided payment to your business and has oversight or management of the payment, or has a significant economic interest in the payment being made. Please reference the Middleman Regulations under IRS Regulation Section 1.6041-1(e), "Payments made on behalf of another person".

Applicable 1099-NEC statements for 2020 activity will be mailed on or before January 31, 2021. The Form 1099-NEC provided by Wells Fargo includes fees paid to your business for loan closing services provided during 2020. Wells Fargo referenced the final Closing Disclosure(s) from applicable transactions to determine the amount(s) paid to your business for these services. Reported income was aggregated by Tax ID Number for all Wells Fargo loans closed and funded in 2020. The 1099-NEC is issued using information contained in the W-9 that was provided to Wells Fargo for your business.

Form 1099-NEC can be used as a supplemental document to your accounting books and records. Wells Fargo cannot provide tax advice, so please consult your tax advisor if you have questions. If you or your tax advisor require additional information, please send a written request to us at [wellsfargosettlementagent1099inquiries@wellsfargo.com](mailto:wellsfargosettlementagent1099inquiries@wellsfargo.com) with a detailed description of the information being requested.

## Consumer financial protection notice

Consumer financial protection laws and regulations may apply when you have direct or indirect contact with a consumer related to a financial product or service. The following information may be useful to you as a resource to identify the federal consumer financial laws and regulations that are applicable to the services you provide to Wells Fargo customers when you act as the settlement agent.

This is not an all-inclusive list of laws and regulations that your business is subject to, so please consult with your compliance officer or legal advisor with any questions you may have. We appreciate the importance that you place on consumer protection for our mutual customers.

Regulation	Subject	Reference Information
Americans with Disabilities Act, Title III	ADA; Availability of programs, products and services	28 CFR Part 36 Subpart C 36.303; 28 CFR Part 36 Subpart C 36.302
Equal Credit Opportunity Act	Fair Lending	12 CFR 1002.4; 24 CFR 100, Subparts B-H

Fair Credit Reporting Act/Fair and Accurate Credit Transactions Act	Duties regarding detection, prevention and mitigation of Identity Theft, including indication of Fraud and/or Active Military Duty	FCR 605A; 12 CFR 222.90 or 12 CFR 41.90; Section 615(e ); 15 U.S.C. 1681m(e )
Financial Elder Abuse Reporting	Elder Financial Abuse	12 USC 3423(a)(2); 12 USC 3423(b)(1); 12 USC 3423(b)(2)(A)-(C )
Real Estate Settlement Procedures Act	Prohibition against Kickbacks and Unearned Fees and Required use of Title Company	12 CFR 1024.14; 12 CFR 1024.16
Privacy of Consumer Financial Information — Restrictions on Disclosing Non-Public Information Under GLBA	Restrictions on Sharing, Receiving, or Reusing Information	12 CFR 1016.11, CFTC Rules 160.11, Reg S-P 248.11, 12 CFR 1016.12, 12 CFTC Rules - 17 CFR 160.12 Reg S-P Rules - 17 CFR 248.12(d)
Telephone Consumer Protection Act (Privacy)	Fax Identifying Information	47 C.F.R. § 68.318(d)
Truth in Lending (Regulation Z)	Disclosures - Consummation	12 C.F.R. §1026.38; 12 C.F.R. §1026.27; 12 C.F.R. §1026.22; 12 C.F.R. §1026.14; 12 C.F.R. §1026.17 and 18; 12 C.F.R. §1026.19; 12 C.F.R. §1026.5 and 6; 12 C.F.R. §1026.4
Truth in Lending (Regulation Z)	Record Retention (Regulation Z)	12 C.F.R. §1026.25
Truth in Lending (Regulation Z)	Rescission	12 C.F.R. §1026.23; 12 C.F.R. §1026.15
Unfair, Deceptive (or Abusive) Acts or Practices - Consumer Transactions	PRICE: Appropriate Pricing	16 C.F.R. §433; 16 C.F.R. §444; 15 U.S.C. §45(a) and 45(n); Dodd Frank Act 12 USC §5536; Dodd Frank Act 12 USC §5531
Unfair, Deceptive (or Abusive) Acts or Practices - Consumer Transactions	PLACE: Responsible Sales Methods & Appropriate Channels	16 C.F.R. §433; 16 C.F.R. §444; 15 USC § 45(a) and 45(n); Dodd Frank Act 12 USC §5536; Dodd Frank Act 12 USC §5531
Unfair, Deceptive (or Abusive) Acts or Practices - Consumer Transactions	PROCESS: Responsible Servicing/Decision Making	16 C.F.R. §433; 16 C.F.R. §444; 15 USC §45(a) and 45(n); Dodd Frank Act 12 USC §5536; Dodd Frank Act 12 USC §5531

Thank you reviewing this 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 email [WellsFargoSettlementAgentCommunications@wellsfargo.com](mailto:WellsFargoSettlementAgentCommunications@wellsfargo.com).

We appreciate your partnership and the service you provide to our customers, and wish you a safe and successful year ahead.

Regards,  
Wells Fargo & Company

