



NATIONAL UNDERWRITING BULLETIN

FROM: Underwriting Department

DATE: November 25, 2013

**TO: All Policy Issuing Agents of WFG Title Insurance Company and
WFG National Title Insurance Company**

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SUBJECT: New Closing Disclosure Form

The new Closing Disclosure form has been released as part of a 1,888 page rule by CFPB. While it will take us weeks to fully digest this new rule (probably longer), we did want to share some preliminary thoughts and key points:

- The new Closing Disclosure Form combines elements from the Truth in Lending disclosure and HUD-1 statements into a single 5 page form (which will replace the current HUD-1 form).
- The new Closing Disclosure will be required for all transactions for which the creditor or mortgage broker receives an application on or after August 1, 2015. Because of the way this is phrased, there may be a transition period during which the old forms may be used after August 1, 2015 (for loans already in the pipeline). But the good news is we have over 20 months to get ready for these changes, upgrade our closing software and train our teams and our customers. WFG will be there to help you prepare for what promises to be a major change in the way we do business.
- The final rule applies to most closed-end consumer mortgages. It does not apply to home equity lines of credit, reverse mortgages, mortgages secured only by a mobile home or by a dwelling that is not attached to real property. The final rule also does not apply to loans made by a creditor who makes five or fewer mortgages in a year.
- There will be issues about who prepares and delivers the new Closing Disclosure. Neither the closing agent nor the lender will have all of the necessary information, so greater coordination in advance of closing will be required.
- Under the final rule, the creditor is responsible for delivering the Closing Disclosure form to the consumer, but creditors may use settlement agents to provide the Closing Disclosure [provided that they comply with the final rule's requirements for the Closing Disclosure.] But, the summary of the rule states that it "leaves sufficient flexibility for creditors and settlement agents to arrive at the most efficient means of preparation and delivery of the Closing Disclosure to consumers" --

thus suggesting that each lender will have different policies and procedures, and allocate the work differently as to how the Closing Disclosure is going to be prepared.

- The consumer must receive the Closing Disclosure form at least three business days before the consumer closes on the loan. If the creditor makes certain significant changes between the time the Closing Disclosure form is given and the closing – it may delay the closing and trigger a new form and an additional three-business-day waiting period. The rule does allow for less significant changes to be disclosed on a revised Closing Disclosure form without delaying the closing.
- Similar to existing law, the final rule includes “tolerances” for deviations from the Loan Estimate Form. Some may not increase at all, some are subject to a 10% cap and certain exemptions will apply.

WFG will be busily evaluating this new rule and then working with our agents and their customers to fully understand and implement its many requirements.

Here are links to the [Final Rule](#) and various [CFPB discussions and materials](#).

NOTE: This Bulletin is intended for use by title issuing offices, title insurance agents and approved attorneys of WFG National Title Insurance Company and any reliance by any other person or entity is unauthorized. This bulletin is intended solely for the purpose of underwriting policies of WFG National Title Insurance Company.