



WFG Rate and Form Bulletin



To: All California Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: May 5, 2017
Bulletin No: CA 2017-04 California Rates
Subject: New California Rates and Rules Effective May 8, 2017

WFG National Title Insurance Company has filed new Rates and Rules for the State of California that become effective May 8, 2017.

A copy of the new Rate and Rules “Manual” is available on the WFG Underwriting website:
<http://wfgunderwriting.com/>

The Rate and Rules “Manual” has been extensively amended and updated. We would like to point out that this Title and Escrow Rate manual is a major rewrite of the prior rate manual in an effort to achieve a number of goals:

- Simplification of the manual and rate structure for ease in quoting rates and premiums, and to reduce the potential for human error. You will note that the overall length of the manual was reduced from 108 to 63 pages.
- Increased use of “Plain English” descriptions and reduction of title jargon. We added additional definitions to streamline the underlying rules. In many cases, textual descriptions of computations have been converted to table format for greater clarity and understandability usually without material change to the resulting premium.
- Adjusting the structure of rates to reduce the rating related problems brought about by the Consumer Finance Protection Bureau’s (the “CFPB”) TRID regulations, 12 C.F.R. part 1026. The TRID regulations, among other things, require lenders (and hence title agents and insurers) to provide accurate estimates of title and closing costs well in advance of closing and to abide by those estimates. This led to a number of changes in the rate manual, including:
 - As to most refinance transactions and escrow rates, the rate structure was changed to a number of “rate brackets” having a fixed charge over a fairly wide range. Under percentage or “rate per thousand” formulas, a relatively small change in purchase price or loan amount would change the filed title or escrow charge resulting in delayed closings and the need for redisclosure under TRID. By having fewer points in the price spectrum at which rates change, it is hoped that fewer consumers will be affected by such TRID related delays.
 - This rate manual eliminates charges for endorsements on TRID loan transactions. The federal rules require lenders to accurately quote title and closing costs well before they have received their preliminary title reports, so the lenders have no way of knowing which endorsements are appropriate or to be requested for a given transaction. By eliminating

charges for endorsements, it not only accomplishes a *de facto* premium reduction (not factored into the below analysis) but should increase the lender's ability to accurately create the initial loan estimate. We believe this change will result in greater accuracy of rate quotes and reduce the frequency of delays and redisclosures under TRID.

- For owner's title insurance policies and escrow rates, available discounts were re-evaluated, clarified, consolidated and standardized in both amount and descriptions.
- Because of the similarities, Commercial/Industrial Property, Planned Project, Subdivision and Builders Bulk Rates were consolidated into a single part under Title and Escrow respectively.

Rate Changes (please refer to manual for all rates changes)

The Basic Rate Table, shown at Page 2 of the Manual, drives Owner's, leasehold and stand-alone loan policy computations. The Basic Rate Table increases the base premium by \$5.00 from \$525 to \$530 over the current manual (Section 1.27, and divides the current \$100,000 to \$500,000 rate tiers into two tiers: \$100,000 to \$150,000 at \$12 for each \$5,000. The \$150,000 to \$500,000 rate tier retains the existing pricing at \$10.00 for each \$5,000, while the \$750,000 to \$1 million rate tier increases by \$1.00 for each \$5,000. The premium for the remaining tiers from \$1,000,000 over \$5,000,000 have been adjusted in \$5,000 increments instead \$1,000.

The Expedited / Electronic Refinance Rates are unchanged between the manual (section 4.4) and the current manual (section 3.12).

The Lender's Special Rate categories (section 6.3.1 and 6.3.2) are unchanged up to \$1,500,000 liability amounts. Under the current rate structure (section 3.14 and 3.15), these discounted rates were not available for amounts over \$1,500,000. The manual adds additional discounted rate tiers for transactions up to \$5,000,000.

Lender's Special Rate 3 (Section 6.3.3) splits the previous maximum rate tier into two, and reduces the premium from \$800 to \$550 and \$650 respectively. For policy amounts above \$1,500,000, the applicable rate will revert from those computed under the Basic Rate Table to Lender's Special Rate 2, also a reduction.

Charges for endorsements on all TRID loan transactions are eliminated entirely. For non-TRID transactions, charges for prior endorsements have remained the same, but charges have been added for previously unrated endorsements approved since the current manual was filed.

Escrow Rate Changes (Please refer to manual for all rate changes)

The changes to the basic sale escrow rates involved changing a relatively smooth line to a "stair step" pattern to allow better escrow charge quoting and TRID compliance. At certain price points on the stair-step, the change is an increase, at others a decrease.

If you have questions about these changes, or any pricing concerns, please contact your California Underwriting Team.

Information Bulletins are designed to provide our agents with information we think will help in managing their business or just being better title professionals, but which does not rise to the level of being an underwriting mandate and are not within the scope of the agency agreement.