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National lender supports ALTA's Best Practices: New disclosures accelerates need to implement

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With regulators requiring increased compliance from lenders, third-party service providers such as title and settlement companies are being expected to provide additional information about the policies and procedures they follow to help ensure a positive and compliant real estate settlement experience.

In a recent newsletter to its network of settlement agents, Wells Fargo said that it values local title and settlement providers that deliver a high level of professionalism, customer service and quality to the lender's customers. Wells Fargo indicated it will continue to enhance its third-party oversight capabilities for title and settlement companies in order to monitor and measure performance.

To help highlight the policies and procedures that are being followed, Wells Fargo encourages settlement agents to implement ALTA's "Title Insurance and Settlement Company Best Practices." This can help companies prepare and be recognized as a top performer, according to Wells Fargo.

"Wells Fargo supports ALTA's Best Practices, and considers them to be guidelines for sound business practices that should ideally already be in place for businesses providing title and closing services for our customers," Wells Fargo said in its newsletter.

Michelle Korsmo, ALTA's chief executive officer, said the association appreciates Wells Fargo's leadership and recognition of the valuable partnership between settlement agents and mortgage lenders throughout the real estate closing process.

"Their support of ALTA's Best Practices gives clear guidance to help ensure the protection of consumers during their real estate transaction," Korsmo said. "These industry standards are being implemented by title insurance and settlement companies around the country to help manage possible risk for consumers and mortgage lenders."

In its newsletter, Wells Fargo encouraged settlement agents to develop a plan for adoption and to create written policies and procedures that can validate the processes that are followed.

Diane Evans, ALTA's president-elect, said Wells Fargo's support is a testament to the amount of time and effort the association's leadership devoted to developing a Best Practices framework that was robust enough to satisfy lenders' needs yet enable a wide array of title and settlement providers to implement the policies and procedures.

"Wells Fargo's approval proves that they are a viable option to reducing risk and protecting the integrity of the real estate transaction," Evans said. "Providing tools to help as many title and settlement companies compete in the market is good for consumers and industry."

ALTA's Best Practices Task Force has met with several national lenders to discuss next steps on implementation of Best Practices. Lenders indicated that they have been focused on complying with the Ability-to-Repay rule and mortgage servicing requirements that were put in place this year. Lenders are now starting to turn their attention to third-party providers. The Consumer Financial

Protection Bureau's new integrated mortgage disclosures that go into effect August 2015 will only hasten the need to implement Best Practices. The new loan estimate and closing disclosure will change how lenders interact with title agents. While lenders may rely on title agents to complete the closing disclosure and provide it to the homebuyer, they are ultimately liable for accuracy and delivery of the disclosure.

"Title agents shouldn't be waiting for lenders to tell them to implement Best Practices," Korsmo said. "When the industry starts using the new mortgage disclosures, title agents will need to prove that their technology platforms can effectively exchange and protect client information. Additionally, title agents need to be prepared to show their risk management programs are consistent with the Best Practices. Without industry-wide adoption of Best Practices, lenders will look to more stringent methods of oversight."

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