

# RESPA Reform

## *A closing agent's guide to working with Wells Fargo Home Mortgage*

As the mortgage industry continues to make changes that ensure customers have the essential information and adequate time to understand their home purchase and refinance options, it's our goal to continue to keep consumers – and of course, you – our industry colleagues informed.

### Working together

RESPA Reform has many lender requirements that also impact settlement agents and attorneys. As we've seen since RESPA Reform took effect on January 1, 2010, implementation of the new regulations has varied from lender to lender, which means that lenders may have slightly different policies. We would expect that over time and with further clarification, more consistent policies will evolve.

To help communicate our policies and processes, our Wells Fargo Home Mortgage closing instructions will detail how we will manage RESPA Reform and what we expect from anyone working with us. The following information should help answer some of your questions. Working together we can ensure a smoother transaction for our mutual customers.

Settlement agents and attorneys working with Wells Fargo Home Mortgage are provided with a set of closing instructions at the onset of each transaction.

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*Link here frequently for updates*  
[www.wellsfargo.com/mortgage/resources](http://www.wellsfargo.com/mortgage/resources)

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Together we'll go far



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Question	Answer
How will a settlement agent or attorney know which Settlement Statement (HUD-1) form to use?	<p>Some loans may still close on the old HUD-1. If the new RESPA Reform HUD-1 is received in the closing instructions from Wells Fargo Home Mortgage, this will indicate that the settlement agent or attorney must close the loan using the new HUD-1. All pertinent information, including the third page HUD-1 to GFE comparison columns, will be provided to the settlement agent or attorney.</p> <p>If the new RESPA Reform HUD-1 is <u>not</u> received in the closing instructions from Wells Fargo Home Mortgage and the old HUD-1 is received, this would indicate that the settlement agent or attorney <b>must</b> close the loan using the old HUD-1. Over time, settlement agents should see fewer and fewer loans closing on the old HUD-1.</p> <p>For Reverse mortgages Wells Fargo Home Mortgage will continue to provide the final HUD-1.</p>
Can a closing agent provide a modified HUD-1 Form?	<p>The HUD-1 form itself may only be modified in very limited circumstances, such as to change the margins, shading, and adding more lines to certain sections. Wells Fargo Home Mortgage reserves the right to reject any modified HUD-1. Wells Fargo Home Mortgage would prefer the HUD-1 without shading as the shading hinders our ability to adequately extract data from these forms.</p>
Can a settlement agent or attorney make changes to the settlement charges (lender and/or third party fees) disclosed in the closing instructions?	<p>Due to the RESPA Reform requirements and tolerance limits Wells Fargo Home Mortgage is held to, it is imperative that no changes are made to the final settlement charges or HUD-1 without notification. This includes changes to the location of the charges on the HUD-1 form, and/or any lender or third party dollar amounts, without prior approval from Wells Fargo Home Mortgage. If changes are needed, the settlement agent or attorney must contact Wells Fargo Home Mortgage immediately. Refer to Wells Fargo Home Mortgage's Closing Instructions for contact information.</p> <p>Any increase in settlement charges could delay the loan closing.</p>
How should the lender and/or seller-paid fees be disclosed on the new RESPA Reform HUD-1?	<p>Any fee that the seller or lender is paying on the borrower's behalf should be entered in the "borrower column" on page two of the RESPA Reform HUD-1, and the sum of these fees will be listed as a credit on page one of the RESPA Reform HUD-1 from the seller or lender. Charges customarily paid by the seller on behalf of the borrower must follow the instructions above. Only true seller charges will be disclosed in the "seller column" of the HUD-1.</p>
Where should seller-paid transfer taxes be disclosed on the HUD-1?	<p>The borrower's portion of the transfer taxes is disclosed in the borrower's column, and the seller's portion of the transfer taxes is disclosed in the seller's column.</p> <p>Example 1: The law or purchase contract indicates that the seller will pay for all transfer taxes. The HUD-1 will show all transfer taxes in the seller's column.</p>
Where should the Tax Service and Flood Certification fees be disclosed on the new RESPA Reform HUD-1?	<p>Wells Fargo Home Mortgage typically utilizes an affiliate to provide these services. When an affiliate is used, RESPA guidance requires the lender to display the tax service and flood certification fees in the 1300 series on the HUD-1 (see example below). The settlement agent or attorney must not display these fees on lines 806 and 807 of the new HUD-1 for Wells Fargo Home Mortgage transactions where an affiliate is used.</p> <p>Example: 1302. Tax service to (display vendor name and include in line 1301 total) 1303. Flood certification to (display vendor name and include fee in 1301 total)</p> <p>Note: Other lenders may not utilize an affiliate and therefore may require these services to be disclosed elsewhere on the HUD-1.</p>

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What happens when the Settlement Agent prepares a HUD-1 and determines the 10% tolerance has been exceeded and contacts Wells Fargo Home Mortgage – what is Wells Fargo Home Mortgage's process upon notification?	<p>Wells Fargo will use a refund process, or if the increase falls into a valid changed circumstance and time allows, Wells Fargo Home Mortgage will pass the cost on to the borrower and reissue the GFE. As needed, Wells Fargo Home Mortgage will provide the amount of the refund. If the mortgage broker made an error, they will be notified of the funds they owe at closing.</p> <p><b>Will Wells Fargo delay the funding?</b></p> <p>Wells Fargo Home Mortgage doesn't anticipate a delay to closing, but this will vary on a case by case basis.</p>
If Wells Fargo Home Mortgage refunds the difference to the borrower, will a check be payable to the settlement agent or attorney and then sent to the settlement agent or attorney for disbursement prior to close, or will Wells Fargo Home Mortgage refund the amount directly to the borrower within 30 days?	Wells Fargo Home Mortgage will send the funds to closing so that the settlement agent or attorney can provide the applicable credit to the borrower at closing.
If the loan is closed, will Wells Fargo Home Mortgage require the borrower to come back to the settlement agent or attorney and sign an acknowledgement of receipt of funds and an amended HUD-1?	<p>No. The borrower will not have to return to the settlement agent or attorney to sign an acknowledgment. However, Wells Fargo Home Mortgage will require that the settlement agent or attorney provide the borrower and Wells Fargo Home Mortgage with a revised HUD-1 providing evidence of any restitution.</p> <p>If a loan has already closed, Wells Fargo Home Mortgage will provide any necessary funds for restitution directly to the borrower.</p>
How will settlement charges be presented to settlement agents or attorneys? Will the individual amounts be listed out, or will a total amount be provided? Also, will instructions be provided to indicate which line they should be shown on the HUD-1?	A total amount will be provided to closing agents and instructions will show where it should be listed on the HUD-1.
If a borrower chooses a service not required would the fee still be included in the 10% tolerance group?	No. If a service is not required as part of the transaction, the fee will not be included 10% tolerance.
How will Wells Fargo Home Mortgage provide loan terms to closing agents?	In the closing instructions.
Will Wells Fargo Home Mortgage require the borrower to have the opportunity to review the HUD-1 one day prior to signing documents as required by RESPA?	Yes. Upon their request, the borrower must be afforded the right to review the HUD-1 one day prior to settlement.
Is a settlement agent or attorney responsible for collecting the seller (if applicable) and borrower signatures on the new RESPA Reform HUD-1?	Yes, it is the responsibility of the settlement agent or attorney to ensure that all parties sign the HUD-1, just as they do today. On the new HUD-1 the signature and date will be on page four.