



The New 2015 Closing Disclosure: What Every NSA Must Know Now

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First Class Signing Services
Escrow Essentials



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Workshop Format

1. Workshop Presentation
2. Speaker Introduction
3. Q&A Session
4. Workshop Evaluation

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Real Estate Market History

- 2002-Refinance Boom Runs Rampant
- 2008-Market Crash
- 2010-Dodd-Frank Act enacted
- 2011-Consumer Finance Protection Bureau *created*
- 2012-CFPB Bulletin 03/2012
- 2015-August 1st Implementation of the **TRID**

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The Consumer Financial Protection Bureau



The CFPB is an U.S. **government independent agency** responsible for **consumer protection in the financial sector**.

CFPB's jurisdiction includes:

- Banks
- Credit Unions
- Securities Firms
- Payday Lenders
- Mortgage Servicing Operations
- Foreclosure Relief Services
- Debt Collectors, and
- Other Financial Companies



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CFPB Jurisdiction Over Notaries



Notaries providing services to any of the following:

- Large depositories (Over \$10 billion in assets)
- Mortgage related businesses
- Lenders and loan services
 - Loan originators, acquirers, purchasers, sellers and brokers
- Automobile lenders
- Private student loan providers
- Sellers, providers and issuers of stored-value instruments
- Check cashing, collectors, payment processors and guaranty services
- Payment processors
- Credit reporting services
- Debt collectors

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What are the Core Functions of the CFPB?



- Rule-making
- Updating disclosures including the *Loan Estimate* and *Closing Disclosures*
- **Supervision and enforcement of laws that prevent unfair treatment and discrimination in consumer finance**
- Restrict unfair, deceptive, or abusive acts or practices (UDAAP)
- **Process consumer complaints**
- Promote financial education
- Research consumer behavior
- Monitor financial markets for new risks to consumers



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CFPB Bulletin 2012-2013



- The CFPB expects financial institutions to regulate their business relationships with service providers* in compliance with federal consumer financial laws exercising its supervisory and enforcement authority.

*Service provider is defined in section 1002(26) of the Dodd-Frank Act as "any person that provides a material service to a covered person in connection with the offering or provision by such covered person of a consumer financial product or service." (12 U.S.C. § 548)

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The TRID is Coming The TRID is Coming The TRID is Coming



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What is the T. R. I. D.?



- **T**ILA (Truth-in-Lending Act)
- **R**ESPA (Real Estate Settlement Procedures Act)
- **I**NTEGRATED
- **D**ISCLOSURES

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What transactions does TILA-RESPA cover?



- Any federal related loan application occurring **ON OR AFTER August 1, 2015**
- Most closed-end consumer credit transactions secured by real property
- **TILA-RESPA excludes:**
 - HELOCs
 - Reverse mortgages
 - Mortgages secured by a mobile home
 - Dwelling that is not attached to real property (i.e., land)



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What Is the TRID all about?



The TRID consolidates:
Four (4) existing disclosures...

1. Good Faith Estimate
2. Up Front Truth-In-Lending Disclosure
3. Final Truth-In-Lending Disclosure
4. HUD-1 Settlement Statement



Into two (2) New Disclosure Forms

- A. **Loan Estimate (LE)**
Delivered within three (3) business days of application
- B. **Closing Disclosure (CD)**
Provided three (3) business days prior to consummation

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Out with the Old! In with the New!



The image shows a cartoon notary character in a top hat pointing to a large red '2015' graphic. Behind him are several forms: a 'Loan Estimate' form and a 'Closing Disclosure' form. The forms are partially overlapping and show various fields and text, representing the transition from old to new disclosure requirements.

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New Document Terminology



- Escrow Holder [Settlement Agent](#)
- Lender [Creditor](#)
- Close of Escrow date [Settlement Date](#)
- Loan Document Signing date [Consummation Date](#)
(Date the Borrower becomes obligated to the loan)
- LE (Replaces TILA & GFE) [Loan Estimate](#)
- CD (Replaces TILA & HUD-1) [Closing Disclosure](#)

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Why the Loan Estimate and the Closing Disclosure?




The CFPB's goal is to provide the consumer with:

- The **LE** - estimated costs and charges of the transaction within three (3) days after applying for the loan



And then...

- The **CD** - actual costs and charges of the transaction three (3) days before the signing of the loan documents



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Loan Estimate

LOAN ESTIMATE

Section 1: Loan Terms

Section 2: Loan Costs

Section 3: Other Costs

Section 4: Total Loan Costs

Section 5: Annual Percentage Rate (APR)

Section 6: Total Interest Paid

Section 7: Total Payments

Section 8: Example of Monthly Payment

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Benefits to the Notary Signing Agent



- Signing agent may receive loan packages earlier and therefore be able to more efficiently orchestrate signings.
- Settlement agents will need to set signing appointments three days prior to the actual signing so there should be fewer last minute RUSH signings.
- Signing appointments will be shorter due to borrower's early receipt of closing costs and possibly documents.
- The Best Signing Agents will be recognized and should receive more quality assignments.



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There is MUCH MORE to the CFPB changes than just the TRID



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CFPB Civil Penalties




The CFPB can and will impose civil monetary penalties

- Tier 1 infractions: Up to **\$5,000 per day**
- Tier 2 infractions:
Reckless violations Up to **\$25,000 per day**
- Tier 3 infractions:
Known violations..... Up to **\$1,000,000 per day**

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CFPB Penalties




The CFPB has already imposed penalties

- \$Green Tree Servicing\$63 million (4/2015)
- \$Flagstar Bancorp\$37.5 million (9/2014)
- \$Wells Fargo \$24 million (1/2015)
- \$JP Morgan Chase \$11.7 million (1/2015)
- \$NewDay Financial \$2 million
- \$Flagship Financial Group..... \$225,000
- \$American Preferred Lending..... \$85,000
- \$All Financial Services TBA

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What does all this mean? How will this affect me?




- All financial institutions, including lenders, are required to have written policies and procedures in place to comply with **protecting client's NPI**.

Lenders VET
Settlement
Agents

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38

The Vetting Process



Creditors will VET the Settlement Agents

Current Licensure	Trust Accounting	NPI Security	Procedures compliance with financial laws	Pricing, production and delivery of title policy	Liability and Fidelity Insurance	Consumer Complain Resolution
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Settlement Agents will VET Notary Publics

Current Licensure	NPI Security	Consumer Complaint Resolution
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What Is NPI?

Non-public information or NPI

- Personally identifiable information
- Not known by the public
- Protected from disclosure by federal and state laws

NPI is categorized into:

1. Individual personal information
2. Corporate and individual financial information
3. Personal education information
4. Personal medical information



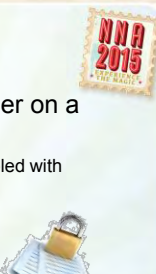
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40

NPI Includes

Information provided by a customer on a form or application, such as:

- First name or first initial and last name coupled with any of the following:
 - Social Security Number
 - Driver's License or ID Number and state-issued
 - Credit Card or Debit Card number
 - Other financial account numbers
 - A customer's transactions
 - Any other information about a customer




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41

How do you protect NPI?

- Do you keep loan documents secure before and after obtaining signature(s) - prior to delivery to settlement agent?
- Do you sub-contract any of your Notary work to others?
- Do you protect the NPI received in your daily Notary Public processes?
- If you have employees, are there company restrictions on employees who have access to NPI?
- What network securities are in place for protecting NPI?
- Do nonemployees (messengers, office cleaners, etc.) have any access to NPI?



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How do you protect NPI?



- Do you have secure encrypted email for receipt and/or return of loan docs or faxes?
- Do you take copies of driver's license or passport identification of parties on your cell phone or portable camera? What do you do with the copy?
- Do you use public printer(s) that may have ability to retain digital copy of loan docs including NPI?
- Do you have written agreements with settlement agents regarding confidentiality of NPI you handle at their direction?
- **Do you have procedures in place to report misuse/abuse of NPI?**

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Best Practices



Protecting NPI

- Adopt and maintain written privacy and information security plans to protect and safeguard NPI as required by local, state and federal laws.

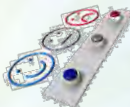


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Complaint Responsibilities



- Identify what constitutes a complaint
- Learn the difference between: **complaint vs. question**
- Recognize complaints and then memorialize them for specific reference
- Take steps to ensure perceived consumer complaints are timely forwarded to settlement agents/lenders



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Why is creditor concerned about complaints?

NNA 2015

"If you make customers unhappy in the physical world, they might each tell 6 friends. If you make customers unhappy on the Internet, they can each tell 6,000 friends."
Jeff Bezos

"People don't want to communicate with an organization or a computer. They want to talk to a real, live, responsive, responsible person who will listen and help them get satisfaction."
Theo Michelson

In addition to unhappy customers, probable CFPB's monetary penalties!

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Best Practices

Handling Complaints

- Design a process for receiving and addressing consumer complaints
 - **Purpose:** Helps ensure reported instances of poor service or noncompliance do not go undiscovered

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What are Your Signing Duties?

NNA 2015

<p>Notary Public Regulatory Duties (California)</p> <ol style="list-style-type: none"> 1. Require Personal Appearance. 2. Scan the document for completeness. 3. Identify and screen the signer. 4. Record the transaction in the journal. 5. Complete the Notary certificate. 	<p>Signing Agent - Creditor or Settlement Agent Duties</p> <ol style="list-style-type: none"> 1. Accurately complete all Notary Public duties for notarized documents. 2. Competently oversee the signing process for all the loan documents and the settlement agent documents. 3. Avoid the unauthorized practice of law.
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Creditor or Settlement Agent Requirements for Signing Agents



- NSA independent contractors must legally follow the rules and regulations for Notary Publics in their state jurisdiction.
- Creditors and/or settlement agents may dictate that an “authorized” Notary Public must learn and present the documents using a pre-approved “script”.

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What do you do now to prepare for the TRID?



- Become familiar with the new TRID documents
 - Loan Estimate (LE)
 - Closing Disclosure (CD)
 - (Transactional) Settlement statement



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What do you do now to prepare for the TRID?



- Start talking about the coming changes to:
 - Your Settlement Agents
 - Mortgage Brokers
 - Creditor contacts
- Find out what their specific new requirements will be and market your services to be compliant with their desired results.



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The "OLD" Forms will not go away entirely



- You will still need to be familiar with the TILA disclosures and the HUD-1 closing forms for transactions not covered by the TRID
 - HELOC's,
 - Reverse Mortgages or
 - Mortgages secured by a mobile home or by a dwelling that is not attached to real property (i.e., land).



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Thoughts for the Day



Adversity is a fact of life;
it can't be controlled,
what we can control is how we react to it.

Unknown

If you don't like something change it;
if you can't change it,
change the way you think about it.

Mary Engelbreit

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53

Thank You!



- Questions 
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