

**SUBJECT: South Carolina Required Disclosure –
Attorney/Insurance Preference Form**

BULLETIN 19JAN11

January 11, 2019

******* IMPORTANT NOTICE *******

Please be advised:

Towne Family of Companies (Towne) requires the Attorney/Insurance Preference Form **to be delivered** to consumers **within 3 days** of receipt of a completed application. It must be **completed accurately**, and **returned** to the lender/broker **prior to closing**. The form is used to evidence that the consumer was involved in the process of choosing an attorney for the mortgage loan closing and an insurance provider. As such, the consumer must make an affirmative selection in choosing either their own or the broker/lender's attorney, and insurance provider.

Be advised, if this form is not provided and/or completed in compliance with SC state law, attorney/settlement fees are required to be refunded to consumers.

During a self-audit, it was discovered that this form is not always being delivered within 3 days of application, completed correctly, and/or signed by the consumers. Below are details regarding how this form must be completed to be accepted by Towne.

A. Attorney Selection

The form contains 2 Sections with 2 subsections. The first section is related to the Attorney Selection. 1 (a) is for when the consumers select their **own** attorney; and 1 (b) is if the consumers choose to use the **broker/lender's** listed attorney.

1. I have been informed by the lender that I have a right to select legal counsel to represent me in all matters of this transaction relating to the closing of the loan.

(a) I select _____
Attorney's Name

- (b) Having been informed of this right, and having no preference, I asked for assistance from the mortgage broker/lender, and was referred to a list of acceptable attorneys.

From the list I select _____
Attorney's Name

B. Insurance Provider Selection

The second section is related to the Insurance Provider and mirrors the Attorney selections in section 1. 2(a) is if the consumer is selecting their own Agent and 2(b) is if the consumer is going to use the broker/lender's listed Agent.



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2. I have been informed by the mortgage broker/lender that I have a right to select an insurance agent to furnish the required insurance in connection with this mortgage transaction.

(a) I select _____
Agent's Name

(b) Having been informed of this right and having no preference, I asked for assistance from the mortgage broker/lender, and was referred to a list of qualified agents.

From the list I select _____
Agent's Name

C. Document Requirements

- A blank form **must** be provided with an initial disclosure package sent within 3 days of a completed application;
- Under Sections 1 or 2 - Consumers are to only complete **one** subsection either (a) **OR** (b) – **not both**;
- The form must include the name of the Attorney and/or law firm and Insurance Agent and or Insurance Agency that the consumer(s) selected;
 - (a) own attorney/ insurance agent (b) or if they used the Broker/Lender's listed attorney/ insurance agent
 - It is **unacceptable** to mark the provider as **N/A or TBD** or any variation thereof.
- If there is a line for additional information to be completed on the form being used, which lists what type of insurance is being provided, then that information must also be accurately completed on the form (e.g. Homeowners Insurance); and
 - A blank line or N/A is not acceptable.
- If the form contains signature lines under both subsections (a) and (b) – the consumer(s) **must** only sign under the subsection section in which they made their selection.
 - Consumers **are not** to sign under BOTH subsections (a) and (b) when there are separate signature lines under each subsection for their selection in 1(a) or (b) and a signature for their selection under 2(a) or (b).
- The consumer must make their selection and sign and date the form **prior to closing**; loan file records should indicate the borrower made the decision before closing of the loan.

D. Examples

- Exhibit 1 – is an example of an **accurately completed** Attorney/Insurance Preference Form
- Exhibit 2 – is an example of an **incorrectly completed** form with multiple signatures
- Exhibit 3 – is an example of an **incorrectly completed** form where information was not provided

All loans submitted to Towne must contain a compliantly delivered and completed Attorney/Insurance Preference Form. Non-compliant forms will not be accepted under any circumstance. Towne reserves the right not to accept loans that are not federally or state compliant.

If you have questions, please reach out to your Account Executive.

Thank you.

Wholesale Lending Department



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