

A Title Agency's Guide to eClosing





Introduction

Today's consumers expect seamless experiences through digital solutions. As lenders move toward digital mortgage fulfillment, they are looking to title insurance providers to integrate into their processes. By digitizing the closing process, you can provide a better experience for home buyers and sellers, while at the same time transforming your business.

This comprehensive guide explains the basics of eClosing: why it's important, where it's available, how to get started and how to market yourself once you're offering it.

This guide will answer five questions:

- ▶ What is eClosing?
- ▶ Why should my agency consider eClosing?
- ▶ Where is eClosing legally allowed?
- ▶ What technology is needed?
- ▶ How can my agency market eClosings?



What is eClosing?



eClosing is a real estate closing where some or all of the title, settlement and loan documents are signed electronically.

Currently three types of eClosings exist: hybrid, full and remote online. The availability of each type depends on laws at both the state and county levels.

Let's take a look at the different types of closings:

Traditional Closing (not an eClosing) – All parties appear in person at the closing table (or at a different location if your closers offer this option) and sign paper documents with a pen. This is also referred to as “wet signing.”

Hybrid eClosing – All parties appear in person at the closing table, but some documents are signed electronically, while others are wet signed. Collateral, notarized and witnessed loan documents are typically among those that are wet signed. For documents that are electronically signed, generally one electronic signature is applied across all documents. Hybrid eClosings are the most popular and most widely used type of eClosing.

Full eClosing – All parties appear in person either at the settlement agent's office or in the presence of a mobile notary, and all documents are both signed and notarized electronically. Very few closings are full eClosings because a large percentage of lenders are not ready to have the note electronically signed.

Remote Online eClosing – Remote online eClosings are unique in that they utilize remote online notarization (RON). This type of eClosing allows all parties to be remote and perform the closing through videoconference via a webcam. All documents are signed and notarized electronically during the videoconference.

This is the most highly regulated type of eClosing, and special certifications are required to electronically notarize documents. Remote online eClosings are very popular and useful for the seller side of the transaction since, in most cases, there are no loan documents involved for the seller.

See the eClosing breakdown in the charts on the next page.



What is eClosing?

(continued)



Traditional Closing

IN PERSON

In Office

- ▶ Title company closer
- ▶ Paper-based
- ▶ Wet signed

Mobile/Mail Away

- ▶ Mobile notary
- ▶ Paper-based
- ▶ Wet signed

eClosing



IN PERSON

Hybrid

- ▶ Title company closer/
Mobile notary
- ▶ Mostly eSigned
- ▶ Certain docs wet signed
- ▶ Desktop/Tablet

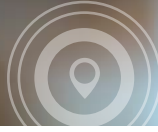
Full

- ▶ Title company closer/
Mobile notary
- ▶ Completely eSigned
- ▶ Desktop/Tablet
- ▶ eNotarization required
- ▶ eRecording required

REMOTE

Online

- ▶ Title company closer/
Online eEnabled notary
- ▶ Completely eSigned
- ▶ Desktop/Tablet
with webcam
- ▶ eNotarization required
- ▶ eRecording required



Why should my agency consider eClosing?



As with anything, the way we offer services needs to evolve with our customer.

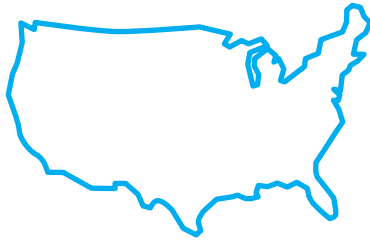
Today more and more lenders and consumers want a title partner that can offer a digital experience into the closing. Consumers want fast processes and a streamlined experience. Lenders want integrated solutions that are easier and more convenient. eClosings can deliver all the above.

Benefits of eClosing:

- ▶ Electronic access to documents prior to the closing
- ▶ Faster closings
- ▶ A potentially better experience for the buyer, seller and real estate agent
- ▶ Operational efficiencies for title agency, including:
 - Delegated disbursement authorization
 - Reduced document processing, handling effort and costs
 - Faster delivery of signed closing documents to lender
 - Reduced risk of sending incomplete signed closing package to lender
 - Reduced risk of missing signatures, requiring follow-ups
 - Potentially greater ease of proving compliance with regulatory requirements due to additional security and audit trails
- ▶ Faster commission check for the real estate agents, typically



Where is eClosing legally allowed?



Full eClosings (those that involve eNotes) are currently available only on loans that will be sold to the Federal National Mortgage Association (Fannie Mae®) and the Federal Home Loan Mortgage Corporation (Freddie Mac®), and currently exclude jumbo loans, bond programs and government loans.

As lenders wait for more outlets in the secondary market to deliver eNotes, hybrid eClosings have become more common. They not only are more convenient for all parties, but also provide lenders with a consistent eClosing experience across a variety of loan products. In some cases local banks or credit unions may allow for full eClosings, but those are less common.

In order to perform a full eClosing, you MUST be in an area that allows eRecording. If the county doesn't allow eRecording, then it is incumbent upon you as an agent to know that recordable documents need to be wet signed and recorded in the traditional way.

[Click here](#) for a state-by-state guide on where Hybrid and Full eClosings are available.

[Click here](#) for a state-by-state guide on where Remote Online eClosings are available.

We have done our best to provide accurate information; however, state laws change frequently. Consult your attorney or a real estate professional for the latest legalities.

What technology is needed?



Now that you know the basics about the different types of eClosings, let's talk about how to prepare your office for performing them.

Online Technology Platforms

In an eClosing, whether hybrid, full or remote online, you will need an online platform to house documents electronically and to enable electronic signatures and electronic notarizations. These types of platforms are typically referred to as online collaboration platforms or digital closing platforms.

To make this section easier to follow, we're going to break it into three sections:

- 1. eSignature Platforms:**
Pre-Closing, Initial Packages and Cash Transactions
- 2. Online Collaboration Platforms:**
Hybrid and Full eClosings
- 3. Digital Closing Platforms:**
Remote Online eClosings

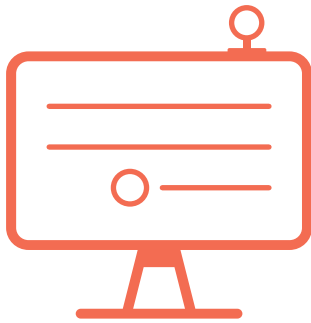
eSignature Platforms – Pre-Closing, Initial Packages and Cash Transactions

For title-only documents, initial closing and welcome packages, and cash-only hybrid eClosing transactions, you can utilize an eSignature platform. Some eSignature platforms, such as DocuSign®, do not allow electronic notarization, but they will still give your clients the convenience of signing initial title-only documents at any time, from anywhere, as soon as escrow is opened. Allowing your customers to sign their initial documents electronically sets the tone for the transaction being smooth and efficient.



What technology is needed?

(continued)



Online Collaboration Platforms – Hybrid and Full eClosings

Online collaboration platforms differ from eSignature platforms in that they allow both electronic signatures and electronic notarizations. These online platforms allow your clients to electronically sign and you to electronically notarize loan documents – generally with the exception of the note.

It's important to note that the online-collaboration or digital closing platform that will be used in any given closing will be chosen, in most cases, by the LENDER. The lender will likely use one platform for all loan documents and will invite you to collaborate in their system. This invitation will vary by lender but will generally be included in the closing instructions. The platforms will differ for an in-the-office eClosing versus a Remote Online Closing. It is also important to note that not all systems support eNotarization. Some systems may limit you to hybrid closings only.

Although the lender will drive which platform you use, you may find it beneficial to secure your own platform for hybrid eClosings on title-only documents, all-cash transactions or transactions in which the lender doesn't have a platform but is open to an eClosing.

We recommend that you be aware of both the major online-collaboration and digital closing platform options available, as your lender customers may ask you to use any one of them. You may have heard of the following:

- ▶ DigitalDocs™, DocMagic™, Docutech™ and eOriginal®
 - Lender-specific platforms that are tied to a lender document provider and will allow for eNotarization (eOriginal does not allow for title document upload.)
- ▶ OneSpan™, SnapDocs™ and Pavaso™*
 - eClosing solutions for both lenders and title companies
- ▶ Nexsys®
 - Platform utilized by Amrock™
- ▶ DocuSign®
 - Support for pre-Closing documents and working to support hybrid and lender solutions with expansion of Notary and RON capabilities in 2020

** Today, Pavaso is the only platform that requires you to have your own contract with them in order to utilize the system. Stewart currently has a Pavaso discount program for Stewart Trusted Providers™. [Learn more and sign up here](#)*

The online platforms listed above are just a few options that allow your clients to electronically sign and you to electronically notarize loan documents. However, we anticipate the market will be saturated with many more in the future.

Typically, when lenders choose an eClosing, they will let you know which platform they are using and will send you an invitation to collaborate in the platform along with instructions on how to use it. This invitation will vary by lender.

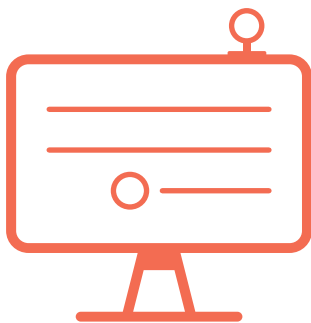
Most of these platforms charge the title agency a fee per file to close.

** Please note that states that have passed legislation allowing RON may require that a different notary certification be obtained.*



What technology is needed?

(continued)



Digital Closing Platforms – Remote Online eClosings

Remote online eClosings utilize platforms that allow the seller and notary, and in some cases the escrow officer, to participate in the closing through videoconference via a webcam. They also allow agents to expand their coverage beyond “brick and mortar” and create a digital footprint through the utilization of technology. Finally, by leveraging the notaries provided by the vendors, an agent can offer flexible closing times, closings outside of business hours and notarization for traveling consumers – all beyond what can be done in a typical local-office environment.

Remote online eClosings are most widely used by the seller in a transaction because there are no loan documents to be signed and notarized; however, this type of eClosing may be used if you are working with a lender who is ready to have the note electronically signed (eNote). If your customer is interested in a remote online eClosing, there are four platforms that are currently approved for use by Stewart:

- ▶ Notarize™
- ▶ NotaryCam®
- ▶ Nexsys®
- ▶ Pavaso™

Please note that states that have passed legislation allowing RON may require that a different notary certification be obtained.

Why does Stewart require the use of approved platforms?

Because RON replaces the traditional face-to-face notarization with a technology-enabled solution that verifies the identity of the consumer, following industry standards is crucial. The technology requirements are very specific and are included in the MBA/ALTA-endorsed model legislation, which has been introduced and passed in many states since 2017. The technology requirements are also included in the recently released Mortgage Industry Standards Maintenance Organization (MISMO®) standards. The requirements include:

- ▶ Consumer verification through knowledge-based authentication (KBA) questions
- ▶ Forensic ID verification
- ▶ Notarial act recordation
- ▶ Records retention
- ▶ Audit trail tracking

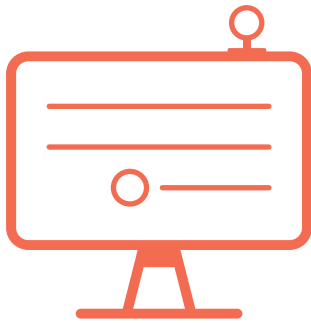
As your underwriter, Stewart requires review and approval of all platforms to ensure compliance with these legal and industry standards.

Some remote online eClosing platforms offer a network of certified, remote, eEnabled notaries to perform the electronic notarization on these closings. There are very specific requirements for becoming a remote eEnabled notary, so if you'd like to have your escrow officers certified, check with your state on the legalities. Only loans closed on the approved platforms are eligible to be insured by Stewart. If you are a Stewart Trusted Provider™, you can contact your Agency Services Manager for more information on approved platforms.



What technology is needed?

(continued)



Notarize and NotaryCam offer a network of certified, remote, e-Enabled notaries to perform the electronic notarization on remote online eClosings. It is recommended that you establish relationships with a vendor of choice and then utilize this network to learn how to perform a remote online eClosing. There are substantial differences in how a RON closing is performed, so learning from the vendors is certainly advisable. Additionally, there are typically state requirements for becoming an eNotary, so working with the remote notary providers while your staff is getting approved is a good way to learn and develop best practices.

Stewart provides guidance on minimum script requirements to ensure agents can develop a process that covers the differences that are specific to RON transactions. Those requirements can be found [here](#).

Hardware Recommendations

There are a few recommendations for the type of hardware needed to perform an eClosing.

Hybrid and Full eClosing Hardware Recommendations

Basic Hardware Options:

- ▶ Large iPad®, preferably with keyboard, and a data plan (Data plans are more reliable than Wi-Fi and facilitate working remotely.)
- ▶ A simple, inexpensive stylus (in case your customers take it)

- ▶ Large 24" monitor or large TV – for consumers who want to review documents at the table (cable required to connect iPad to monitor)
- ▶ Tablet with a keyboard attached
- ▶ A Topaz® signing pad, if required (Don't buy unless you're using a platform that requires one.)

Remote Online eClosing Hardware Recommendations

If you'll be acting as the eNotary during a remote online eClosing, you'll need a computer that's equipped with a webcam and a microphone. Laptops, tablets and iPads® generally have these.

Customer Consent Forms

- ▶ In order to complete an eClosing of any type, you'll need your customer to sign consent forms. Your production system may offer a consent form in the system. If not, you may utilize the forms below:

1. [Hybrid: STG Consent to eSign](#)
2. [Full: STG Consent to eSign](#)
3. [Remote Online: STG Remote Notary Release](#)

Please note that states that have passed legislation allowing RON may require that a different notary certification be obtained.



How can my agency market eClosings?



Once you're prepared to offer some type of eClosing, your next step is to set yourself apart from your competitors by marketing yourself as a leading eClosing provider in your market area.

First – Talk to your lender customers.

Not all lenders are ready to offer eClosings. That's OK. Find out which of your lender customers are. Ask them what platforms they're using, and let them know you have the equipment and expertise needed to perform eClosings for their customers.

In addition, let your lender customers know that you want to work with them to market eClosings to their referral partners. Leveraging your readiness will position your agency as one that is leading the digital race and embracing technology to improve the customer experience.

For your lender customers who aren't ready, you can still utilize an eSignature platform or an online collaboration system in order to enable electronic signatures on title-only documents and initial escrow packages. This will distinguish you as a title provider who provides a great, smooth experience.

Additionally, many regional lenders do not sell directly to FNMA or FHLMC; therefore, their ability to go fully digital is limited. A lender that portfolios their product or sells to the Federal Home Loan Bank is more likely to be open to a hybrid option that your office could directly support.

Second – Talk to your real estate agent or attorney customers.

It's important that your real estate agent or attorney customers know that you are on the cutting edge of digital solutions. eClosings and RON can provide better consumer experiences, faster closing processes and document accuracy. Real estate agents are a critical part of the experience, and it is imperative that their title partner work closely with local lender partners to provide education (CE or otherwise) that help them understand the benefits. A digital closing allows for document pre-review and simplified execution that can cut closing times by 75%. The opportunity to work with a title agency who offers a smooth, efficient digital transaction process is a selling point for them.

For your real estate agent or attorney customers who aren't aware of what eClosing is, bring them up to speed and explain the benefits.

Try these sales and marketing tactics in approaching your real estate agent customers:

- ▶ Post on your social media channels that you're eClosing enabled.
- ▶ Email your customer network announcing that you're ready to offer a better experience through eClosings. (Send a follow-up email with an invitation to discuss this over coffee or lunch is a great way you can bring value to their business.)



How can my agency market eClosings?

(continued)



- ▶ Educate your customers on how eClosings benefit them (quicker commission check, repeat business, referrals).
- ▶ Host an educational event. Teach them all about eClosing and how, by partnering with you, they can use it as a tool to market themselves.
- ▶ Use social media to publicize your eClosings. A celebratory picture of the buyer or seller during an eClosing really showcases your forward-thinking culture.
- ▶ Order lobby signage promoting that you're an eClosing-enabled office.
- ▶ Take advantage of Stewart's eClosing marketing materials on the [Stewart Marketing Storefront](#)

Third – Add your agency to Stewart's eClosing office map.

[Fill out the form on this page to be added.](#)

By marketing the benefits of eClosing in its varied forms, you're doing more than explaining a better experience; you're establishing yourself as an industry leader. Let the smooth experience that eClosings provide be the differentiator that assists you in growing your business.

For more information on how Stewart can help your agency stand out from the crowd by offering eClosings, visit stewart.com/agency-services or email agencyservices@stewart.com.



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