

WEBINAR

What You Need to Know About eClosing Solutions and Remote Online Notarization



Course Credit Info

This webinar has been approved by the **Florida Department of Financial Services** for 1 Standard CE Credit. All attendees will receive a follow up email with a form that must be completed by title agents for final approval.

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CLE Credits - General 1.0, Technology 0.5

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About the Presenters



MANDY SECKINGER

- Over 17 years of experience as a real estate agent
- Now offering due diligence with PropLogix
- Dedicated to protecting homebuyers and sellers
- Certified Continuing Education Instructor
- Enjoys coastal living with her husband of 27 years and their two daughters, Nevin and Avery



WYATT LONG

- Background in marketing and entrepreneurial management
- Former real estate agent
- Has been delivering SAAS products for the title industry since 2017
- Currently the Vice President of ProperSign
- Enjoys mountain biking, woodworking, and rugby
- Lives in Dallas, Texas

Course Outline

- 1 General Overview
- 2 What Is Remote Online Notarization
- 3 Acceptability Of Ron
- 4 Different Types Of Digital Closings
- 5 The eClosing Process
- 6 Important eClosing Elements
- 7 Is It Safe?
- 8 How eNotarization and RON Help Fight Fraud
- 9 RON Implementation
- 10 Conclusion

What is Remote Online Notarization?

Remote Online Notarization (RON) allows banks, title companies, law firms, and other businesses to complete important transactions that require signatures and a notary seal remotely with the aid of online audio and video technology.

How does this change the closing experience?

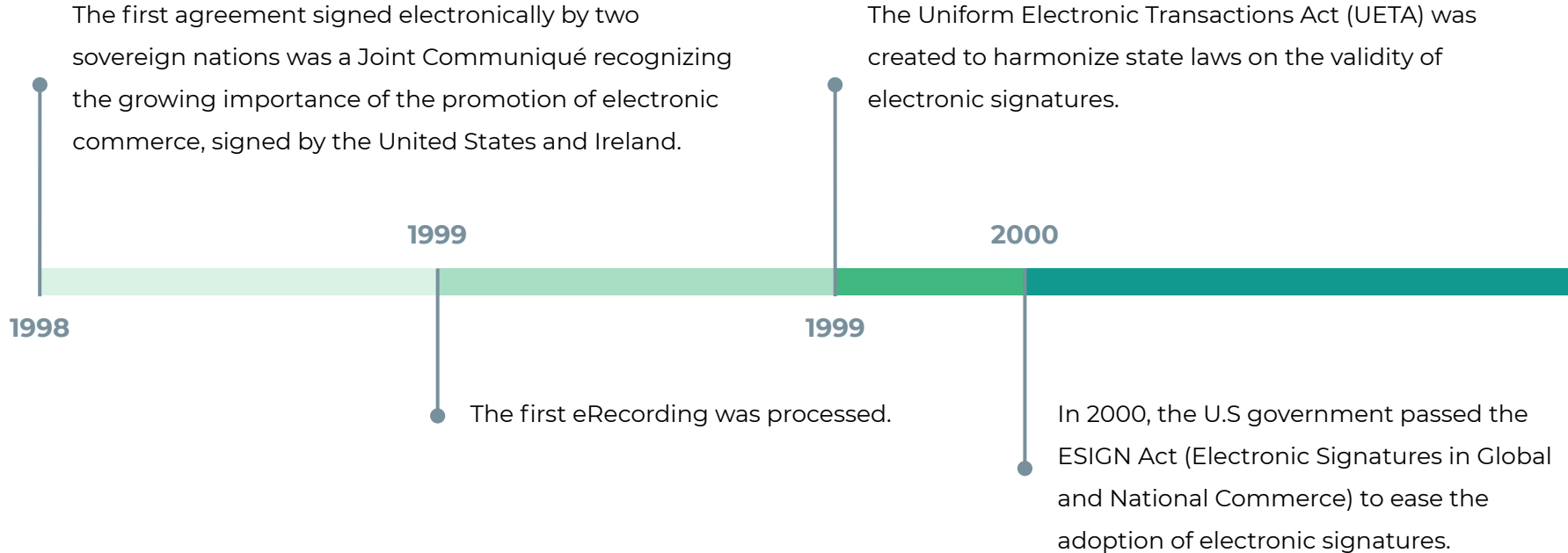
For **settlement agents**, this means that closing on a property does not require all the parties to be in the same room. While notaries are required to be present in the state, signers may be located anywhere with most RON laws.

For **consumers**, this provides better, safer, and more convenient choices.


For **lenders** with the right eVault infrastructure, this shortens the length of time to sell mortgages on the secondary market and can help with document management.

Acceptability of RON

A History of eClosing Tools



A History of eClosing Tools



The Uniform Law Commission (ULC) drafted and approved the Uniform Property Electronic Recording Act (URPERA), authorizing local land records officials to accept eRecordings. All states have now adopted eRecording except Rhode Island.

2004

2012

Virginia was the first state to authorize Remote Online Notarization.

2020

Kentucky became the 48th state to authorize eRecording of deeds, mortgages, and other documents in January of 2020. Florida's RON law became effective at the same time.

Acceptability of RON

State and Federal Acceptance

Unlike eSignatures and eRecording, eNotarization and remote online notarization hasn't been explicitly approved by as many states. Documents that have been notarized using this method are usually permitted only in counties that eRecord under specific regulations or as a result of the Uniform Electronic Transactions Act (UETA).

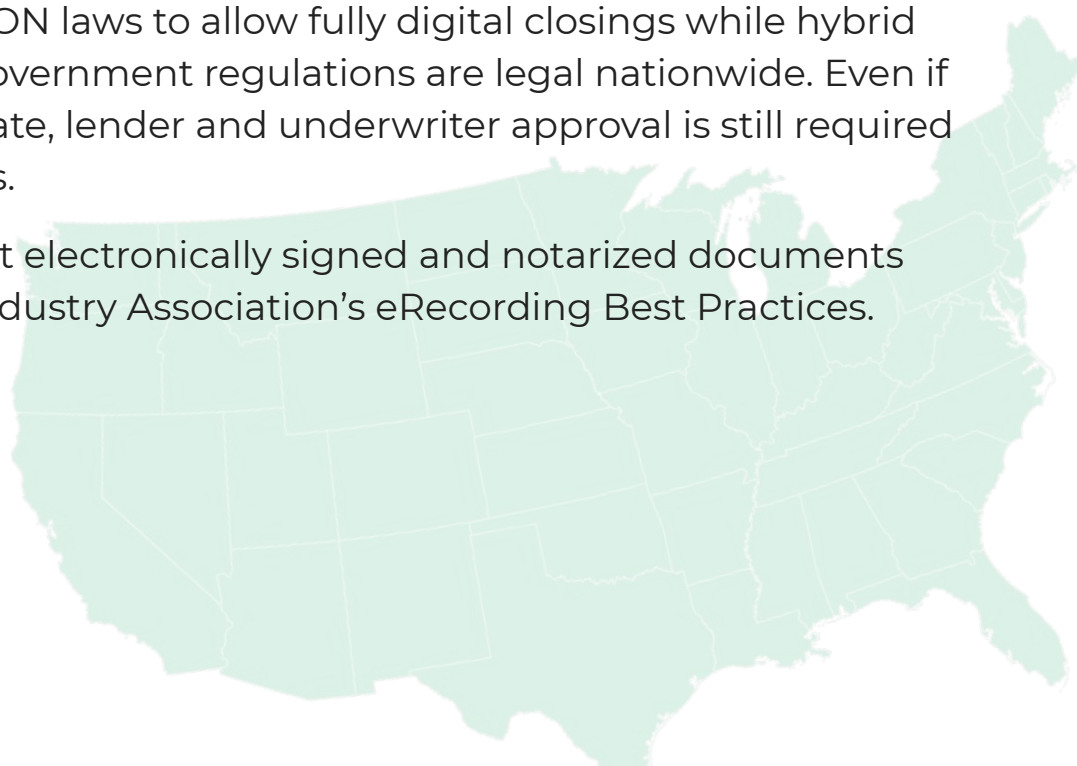
Other state statutes and the "full faith and credit" clause of the US Constitution act as the legal structure supporting electronic notarization.

Acceptability of RON

States with approved RON laws


Currently, 30 states have approved RON laws to allow fully digital closings while hybrid closings that follow state and local government regulations are legal nationwide. Even if RON is explicitly approved by your state, lender and underwriter approval is still required before carrying out such transactions.

Recording jurisdictions should accept electronically signed and notarized documents according to the Property Records Industry Association's eRecording Best Practices.



Different Types of Digital Closings

Different Types of Digital Closings



It is important to distinguish between eNotarization and remote notarization. While they sound similar, there is a key difference. The first allows documents to be signed and notarized digitally BUT requires the signer to be present in the same room as the notary. The latter takes that one step further and allows documents to be signed and notarized digitally and without the requirement of being in the same room, building, state, or in some cases the same country.

Different Types of Digital Closings

Important eClosing Elements



eSignature



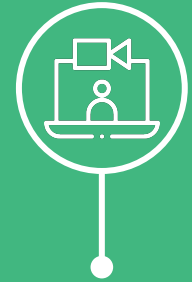
eNotarization



eDocuments
(eNote, Deed,
Mortgage)



**Electronic
Devices**



**Audio/Visual
Recording**

Some or all of these may be used in an eClosing.

Different Types of Digital Closings

What is a Hybrid Closing?

A hybrid closing involves eSigning closing documents in person. Documents requiring a traditional notary seal or ones that aren't approved for electronic signatures due to the lender or underwriter's requests are signed with ink and physically stamped by the notary.



Different Types of Digital Closings

What is eNotarization?

Also called an IPEN or In-Person Electronic Notarization. In this process, the buyer and seller use electronic devices (like a tablet or computer) to eSign and the notary applies their electronic seal.



Different Types of Digital Closings

What is Remote Online Notarization?

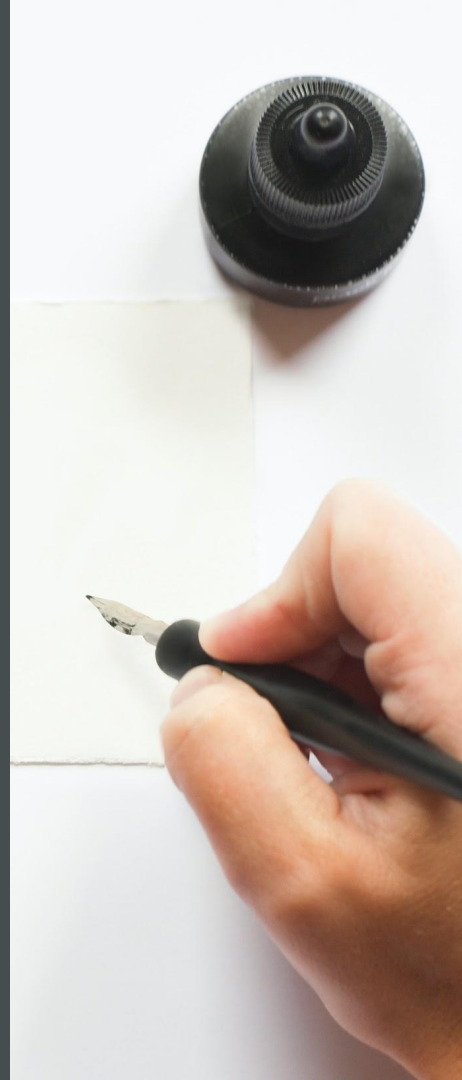
Remote online notarization utilizes eSignature and eNotarization to sign and notarize all closing documents. It also involves continuous audio and visual recording of the notarial act that is stored for 7-10 years (depending on state laws).




Different Types of Digital Closings

What is Remote Ink-Signed Notarization?

Since the COVID-19 crisis, states have also temporarily approved the use of audio and video conferencing during the signing and notarization of paper documents. This process has been dubbed a Remote Ink-Signed Notarization (RIN) by Fannie Mae.





The eClosing Process

1

Buyer eSigns real estate contract. The eMortgage application is completed and origination begins.

2

Buyer and seller are sent electronic documents that don't require notarization to sign before closing.

3

On closing day, the identity of signers is verified with Knowledge Based Authentication questions.

4

The buyer and seller sign all documents and a notary public certified for RON applies an electronic seal.

5

The recording of the notarial act is stored and maintained in a the eNotary log or journal.

6

The electronic documents are packaged and delivered to the county recorder via an eRecording tool like Simplifile.

7

The eNote is registered with the MERS eRegistry.

8

The RON provider or another third-party vendor secures and stores the eNote in an eVault.

Is It Safe?

Wire Fraud, Identity theft, and deed fraud are all concerns during a real estate transaction.

While the requirements of signatures and notary seals provide some protection, and title insurance provides an additional layer of protection for lenders and homeowners, there is no tool that can reduce the risks of criminal activity to zero.

However, the built-in features found in most remote online notarization tools make manipulation and forgery after the fact much more difficult than paper.

eNotarization and Remote Online Notarization both help with document and ID fraud



Secure Collaboration

Notaries, title agents, and buyers and sellers create accounts in secure environments where they can send, receive, and review documents before signing, notarizing, and completing the real estate transaction.



Tamper-Evident

eNotarization tools create a new layer of security by applying a tamper-evident seal to the electronic documents. If the document is altered, the seal is broken and exposes the fraudulent activity.



Metadata For eDocuments

Metadata locked in each one provides detailed information about who has accessed it, eSigned it, eNotarized it (if applicable), and when and where those actions took place.

eNotarization and Remote Online Notarization both help with document and ID fraud



User Authentication

The identity of signers is confirmed by using Knowledge Based Authentication (KBA) questions.



ID Verification

A government issued ID, like a driver's license, is scanned for validity. In one notary challenge, more than 2,900 members of the NNA's notary community were asked to spot fake IDs. About 32% of the participants failed to find the fake.



Recording of the notarial act

Should any part of the notarial act come into question, a recording can be accessed to determine the validity of any claims.

RON Implementation

Title agents will need to evaluate the logistical changes required within their internal process to be compliant with state-specific rules before allowing their notaries to perform RON closings.

Even if your state has passed RON legislation, the old way of doing things is still valid and may be preferred by some of your lenders and your underwriters.

Introducing more technology into your closing process

1. Start with a hybrid closing, so you get used to the technology. Make small and manageable introductions to new devices, software, and processes.
2. Understand your vendor options by testing out some of the current eSign platforms.
3. Ask your lenders about their process and preferences (if any) for digital closing software. In order to move forward with a digital closing, your lender partners will need to have their own technology solutions for managing eNotes. Some may still require certain documents like deeds to get a wet signature.
4. Receive approval and guidelines for RON from your underwriters.

Introducing more technology into your closing process

5. Build your digital closing room with the essential technology updates that include:
 - a. High internet speed connection
 - b. Ethernet cables that are at least Cat5e, but better options include Cat6, Cat6a, Cat7 and Cat 8.
 - c. Good quality cameras to capture video images
 - d. Good quality microphones and speakers for audio
 - e. Other equipment like tablets, monitors, TVs, or computers to meet your needs
6. Once you and your team are familiar with the eSigning and eNotarization process in-person, you can train your team on the technology and process for remote online notarization.
7. Provide customers with a checklist that includes testing internet speed and ensuring that their audio/video equipment works.

Conclusion



According to Simplifile, more than 80% of the United States population lives in a county that participates in eRecording. This means that settlement agents in approximately 2,028 counties can file digital copies of real estate documents and in minutes after a closing, the county recorder can review, record, and return documents to the agent. After eRecording, adoption of eNotarization and remote notarization is the next step in enhancing the real estate closing experience.

Thank You!

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Contact Information



Please email Mandy Seckinger at mandy.seckinger@proplogix.com if you have any additional questions or concerns!

For more information on our CE/CLE courses for Title and Real Estate Agents, visit: <https://www.proplogix.com/our-educational-offering>

Thank you!