Customer Experience Expectations are at an all time high. Customers are willing to share personal data in exchange for better access/experience.

Customer expectations are driving a new “connected mandate”. Customers expect “self-service”, but also want multiple channels of connection.

Customers expect immediate, responsive service. Customers actively seek to buy from the most innovative companies.
Digital Customer Expectations

**Old Expectations**
- Talk to a Human
- Single Session
- Avoid Interruptions
- Money is Key

**New Expectations**
- Take Control
- Micro Interaction
- Expect Interruptions
- Time is Key

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Customer of the Future?

- What I need to know
- When I want it
- Where I want it
- On whatever device I choose
- At anytime of day I choose
- Don’t make me talk
- Give me tools to help myself
Real Estate Goes Digital

- 87% Online Home Search
- 50% Online Valuation
- 35% Found Agent Online
Real Estate Goes Digital

Real Estate

- 87% Online Home Search
- 50% Online Valuation
- 35% Found Agent Online

Mortgage Loan

- 82% Pre-Approved
- 70% Researched Online
- 60% Applied Online
Real Estate Goes Digital

<table>
<thead>
<tr>
<th>Real Estate</th>
<th>Mortgage Loan</th>
<th>Escrow / Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>87%</td>
<td>82%</td>
<td>&lt; 1%</td>
</tr>
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<td></td>
</tr>
</tbody>
</table>
History of eClosing

- **Early 2000s** – E-SIGN, UETA, and URPERA enacted
- **Mid 2000s** – Fannie Mae/Freddie Mac issue guidance
- **Late 2000s** – Great Recession causes delays
- **Mid-2010s** – Interest renews. CFPB pilot program in 2015. Increased online notary legislative activity.

UETA

The Uniform Electronic Transactions Act (UETA) establishes the legal equivalence of electronic records and signatures with paper writings and manually-signed signatures, removing barriers to electronic commerce.
E-Sign Act

The Electronic Signatures in Global and National Commerce Act (E-Sign Act), signed into law on June 30, 2000, provides a general rule of validity for electronic records and signatures for transactions in or affecting interstate or foreign commerce.

ULONA/RULONA

The original Uniform Law on Notarial Acts (ULONA) simplifies and standardizes all required forms of notarization, verification, and certification, and recognizes out-of-state and foreign notarial acts.

The Revised Uniform Law on Notarial Acts (RULONA) is an update which adds Remote Notary.
URPERA

The Uniform Real Property Electronic Recording Act (URPERA) removes any doubt with regard to the ability of a local recording office to accept and otherwise process electronic documents and signatures for recording.

Terminology and Definitions

- eMortgage
- eClosing
- eSignature
- eRecording
- eNotarize
- Native Digital Document
Remote Notarization (RON)

Authentication

Single Factor
Multifactor
Knowledge Based
Value of Digital Closings: CFPB Results

Time Savings
Closings took measurably less time for homebuyers using the CFPB’s eClosing process compared to those using a paper process.

<table>
<thead>
<tr>
<th>Minutes at closing table:</th>
<th>&gt;15</th>
<th>15-29</th>
<th>30-59</th>
<th>60-90</th>
<th>&lt;90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper</td>
<td>4%</td>
<td>10%</td>
<td>20%</td>
<td>65%</td>
<td>1%</td>
</tr>
<tr>
<td>eClose</td>
<td>3%</td>
<td>18%</td>
<td>30%</td>
<td>42%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: CFPB
It is all about the Documents

- Note / eNote
  - Only if directed expressly by the lender
- Recorded Documents (Mortgage, Liens)
  - County must accept eSigned - eRecording
- Notarized Documents (Deeds, Affidavit)
  - Must be an eNotary, state law must permit it, county recorder permit
  - Permitted in all states, counties
- Disclosures & Others (Not Recorded, not notarized)

What is a SMART Doc

A specific type of file that combines both the view of the document and the data of the document combined into one file.

eNotes must be in a SMART Doc format and cannot just be a traditional PDF.
What is an eVault

A specific type of technology that lenders must acquire and utilize to store, protect, encrypt, manage and transfer eNotes.

What is the MERS eRegistry

The eRegistry is the mortgage industry’s “system of record” for holders of eNotes. A national eNote registry is part of the industry’s response to develop systems that can rely upon (UETA) and (E-SIGN) to establish legal effectiveness of electronic notes for mortgage loans.
Remote Online Notarization

- **Broad Concerns:**
  1. Technical
  2. Underwriting

- **Specific Challenges:**
  1. Interstate recognition.
  2. Fraud, undue influence, and the ability of the notary to analyze the identity and capacity of the principal.
  3. Ability to record native digital documents.
  4. Recognizing documents that are notarized remotely.
Remote Online Notarization

Title issues:

- Bankruptcy risk
- Foreclosure risk
Fraud and Undue Influence

• Documents are subject to being set aside for fraud and undue influence.
• Notaries are the only ones in a position to detect.
• Identity proofing – process of confirming that someone presenting a credential or making an identity assertion is who they claim to be.
  – E.g. Knowledge-based authentication (KBA), biometric, etc.
• Credential analysis – process of confirming that credential (driver’s license, passport, etc.) presented is valid.

Potential Solutions

Partnership is the key!

1. Interstate recognition
2. Online notary disclosure
3. Fraud, identity and capacity
4. Recording native digital documents
The RON Skinny

- 22 States pass laws, 10 are in effect, 5 fully implemented
- RON still more hype than substance
- Vendors working through Tech Challenges
- eNote & lender adoption is limiting borrower use
- Full RON closing volume is low
- Seller Side & Cash Deals getting traction

States with Remote Notarization
What is legal in Kansas?

What we want to see in any new legislation:
- Multi-factor verification
- Indication in the signature block that it was done remotely
- Record keeping for at least 10 years
- Location of Notary within the state
- Rules and regulations defining terms and conditions
- “Papering out” provisions
Technology Companies that provide end to end remote Notarization Systems

DocVerify
Notarize
Notary Cam
Pavaso
Safedocs
SIGNIX
www.digitalclosinghub.com

eQ & A