

***eClosings: Transforming the Mortgage Experience***

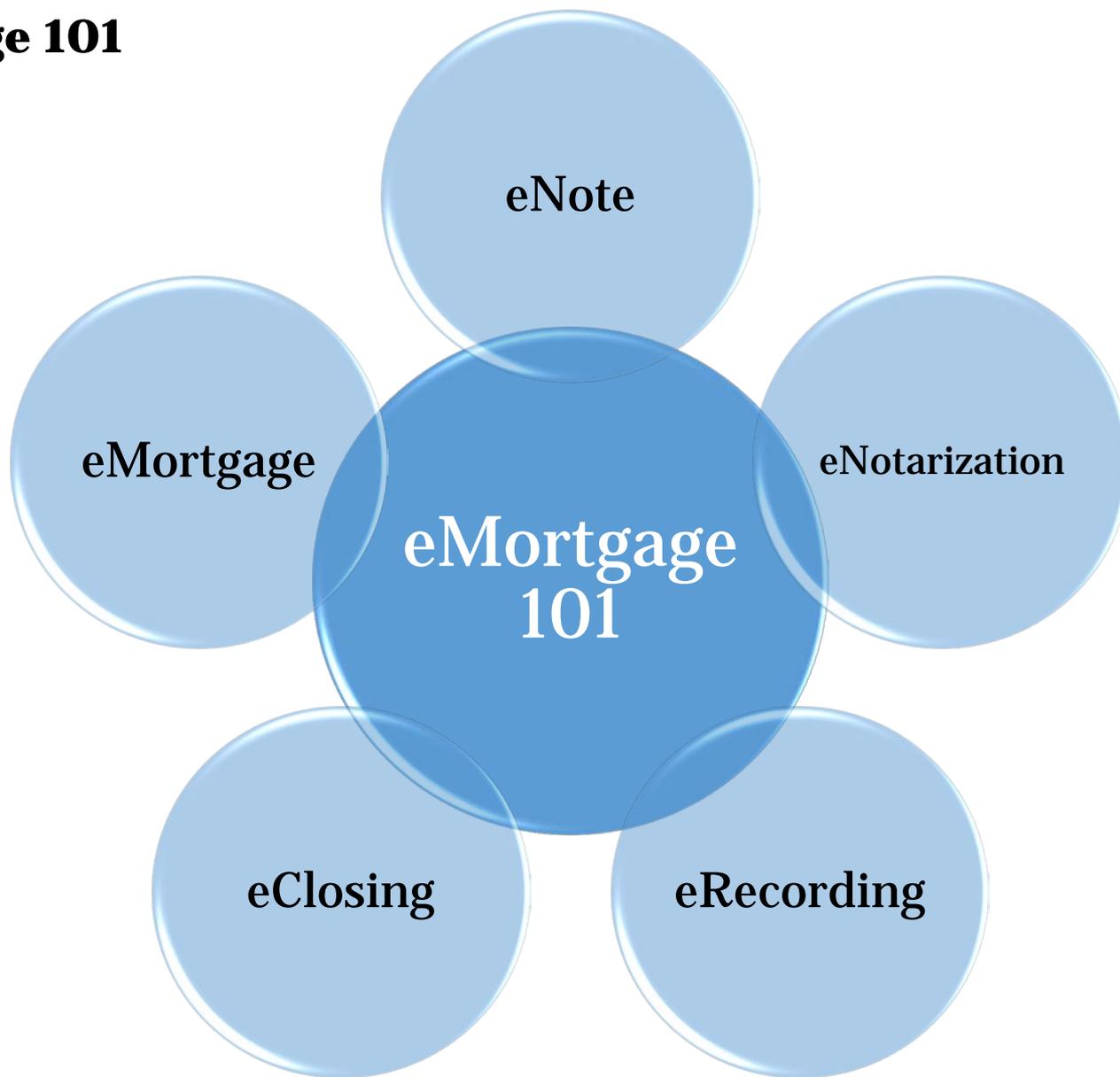
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# Agenda

- eMortgage 101
- MERS eRegistry
- eClosing Process Flow
- Common Myths
- Benefits of the eClosing Process
- Industry Landscape
- Call to Action
- Glossary of Terms

# eMortgage 101

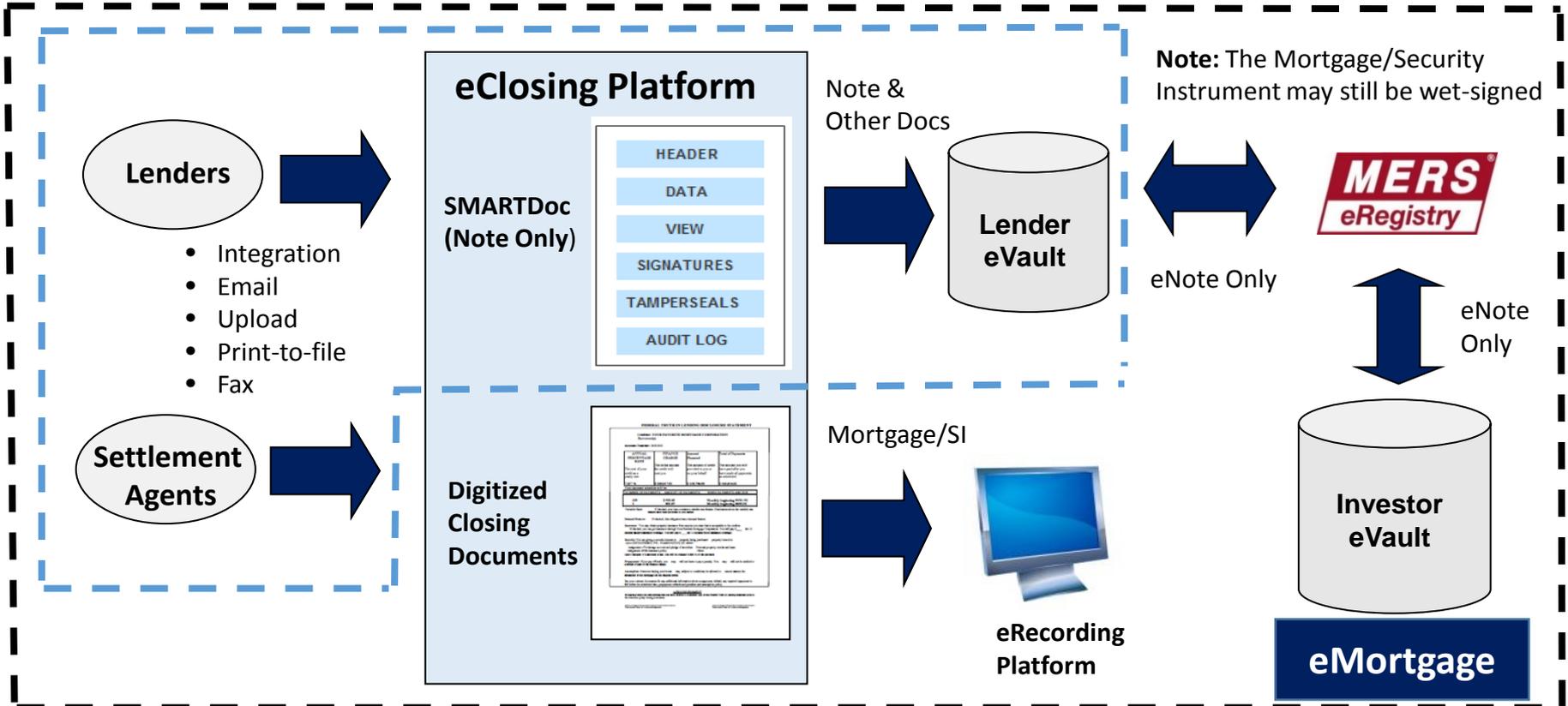




**The MERS eRegistry is an essential part of the eMortgage process**

- It is a registry system for identifying the Controller (Holder) and Location (Custodian) for the authoritative copy of registered eNotes
- eNotes are registered, delivered, and transferred via secure connections to MERS from “eVaults”
- MERS does not store copies of eNotes, but maintains the digital “hash” of the tamper-evident seal to insure document integrity
- Fannie Mae and Freddie Mac require that lenders register eNotes on the MERS eRegistry within 24 hours of closing

## eClosing Process Flow



## Common Myths

**Myth:**  
eSigned disclosures need to be re-signed at closing

**Reality:**  
We do not require electronic disclosures to be re-signed at closing

**Myth:**  
Complete paperless closings are not feasible

**Reality:**  
They're possible in some states & jurisdictions

**Myth:**  
Not all states have laws to support use of electronic signatures

**Reality:**  
50 states have adopted some form of eSign statute or law

**Myth:**  
There is no lender demand for "e"

**Reality:**  
More lenders interested & onboarding

**Myth:**  
GSEs have very different eMortgage policies

**Reality:**  
GSE policies for origination, delivery & servicing are well aligned

# Benefits of the eClosing Process

## Better Customer Experience

- Access to docs prior to closing (Better informed borrowers)
- Faster closings
- For tech savvy borrowers, the experience is consistent with their other day-t0-day experiences

## Operational and Process Efficiencies for Closing Agents and Lenders

- Reduced document processing and handling effort and associated costs
- Faster delivery of signed closing documents to lender
- Reduced risk of sending incomplete signed closing package to lender
- No missing signatures requiring follow-ups
- Ease of proving compliance with regulatory requirements

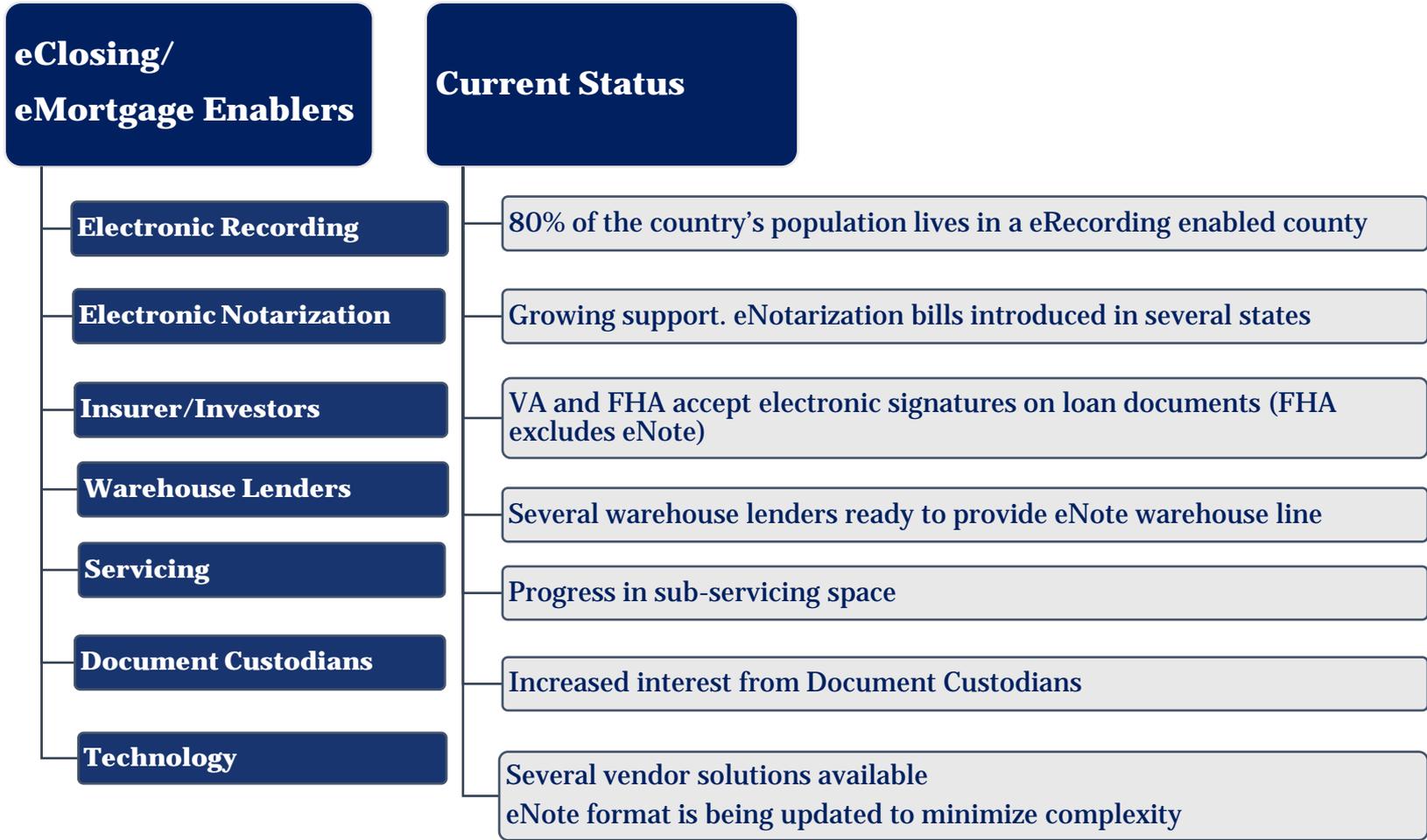
## Financial Efficiencies for Lenders

- Potential for increased liquidity
- Potential for reduced warehouse line costs
- Reduced document storage and certification costs

## Reduced Risk for Warehouse lenders and Servicers

- Immediate receipt of collateral & recognition of security interest for Warehouse lenders
- Minimized delays in loss mitigation activities

# Industry Landscape



Industry momentum has sped up significantly. We see a greater number of implementations in progress than what we have seen in last 6 years combined!

## Call to Action

- Reach out to your lender(s) to understand eClosing implementation plans and prepare your staff
- Consider/Discuss systems integration with your vendors to enable feeding title documents into eClosing platforms
- eMortgage Resources:
  - [Freddie Mac eClosing/eMortgage](#)
  - [Fannie Mae eClosing/eMortgage](#)
- Contact Information
  - Raj Penugonda: [rajasekhar\\_penugonda@freddiemac.com](mailto:rajasekhar_penugonda@freddiemac.com)
  - Raj Jagani and the Fannie Mae eMortgage Team:  
[eMortgage\\_info@fanniema.com](mailto:eMortgage_info@fanniema.com)

## **Glossary of Terms**

## Glossary of Terms

**eClosing** - eClosings involve parties applying eSignatures to closing documents. An eClosing produces an eMortgage only if the promissory note is signed electronically.

**eMortgage** - A mortgage loan with the critical loan documentation (specifically, the promissory note) created, executed, transferred, and ultimately stored electronically.

**eNotarization** - The process of applying a notary seal electronically to an electronic document either in the physical or virtual presence of a notary.

**eNote** - A financial legal instrument in which the borrower promises to pay the loan amount to the lender by an agreed-upon time and terms.

**eRecording** - An act of registering the security instrument and other recordable documents electronically with the county recorder or similar jurisdictional authority. eRecording does not require the security instrument to be electronically executed. A county often records a scanned image of the paper security instrument when it eRecords.