



 DocMagic

10 Things You Should Know About eClosing

1. What is an eClosing? (and how does it differ from an eMortgage?)

An eClosing (also known as a digital closing) is the act of closing a mortgage loan electronically, meaning that some or all of the closing documents are electronically signed. This happens within a secure electronic environment.

You might also see the term "eMortgage." According to Fannie Mae and Freddie Mac, this term specifically refers to an electronic mortgage process that results in an eNote (electronic promissory note). So, if you see a reference to an eMortgage, it must include an eNote, but an eClosing doesn't necessarily mean an eNote is involved.

2. What is a hybrid eClosing?

A closing doesn't have to be 100% digital to be considered an eClosing; instead, a closing that is partially electronic and partially paper is called a hybrid eClosing. In addition to a completely electronic eClosing, there are three key types of hybrids:

| #1 eSign Hybrid | #2 eNote Hybrid | #3 eNotary Hybrid | Completely Electronic |
|--|---|--|---|
| <ul style="list-style-type: none">• Paper note• Paper notary documents• All other electronic documents | <ul style="list-style-type: none">• eNote• Paper notary documents• All other electronic documents | <ul style="list-style-type: none">• Paper note• eNotarization of documents• All other electronic documents | <ul style="list-style-type: none">• eNote• eNotarization of documents• All other electronic documents  |

3. Where are RON eClosings allowed and do they make sense?

Remote Online Notarization (RON): With RON, borrowers can eSign the closing documents, but the eNotary observes the signing from a remote location via a secure video connection in a dedicated RON platform. eNotaries confirm the borrower's identity through multi-factor authentication methods such as credential analysis or knowledge-based authentication (KBA). [Click here for a list of states that currently allow RON.](#)

Lenders who have transitioned from paper to hybrid and then on to full eClosing (with online notarization, eVault and eRegistry) benefit from increased speed and loan quality and reduced expenses with the elimination of paper and shipping costs. They have also significantly lowered their compliance risk.

4. Do the GSEs accept electronic signatures on closing documents?

Yes, both Fannie Mae and Freddie Mac accept eSignature and eNotes. Ginnie Mae and the 11-member Federal Home Loan Banks system also accept eNotes as collateral.

5. How do closing agents feel about eClosings?

More and more closing agents support eClosings, and some have become early adopters of RON technology. After all, an eClosing doesn't replace the closing agent; it actually makes their job easier. **Total eClose™**, DocMagic's comprehensive end-to-end eClosing system, provides everything you need for hybrid and paperless eClosings including remote online notarization (RON), knowledge-based authentication, and identity validation. These tools allow settlement agents to be automatically included in the workflow as soon as the loan docs are processed for eClosing.

6. What percentage of the industry conducts eClosings?

While paper closings still make up the majority of mortgage closings, digital closings are quickly closing the gap. Lender and title organizations are shifting to digital to meet growing consumer expectations. With the increased costs of origination in the current lending landscape, lenders and title companies need to find ways to increase operational efficiencies. The growth of eNote registrations points to these efforts to streamline operations and increase ROI.



7. Will my investors accept eNotes?

As mentioned earlier, investors such as Fannie Mae, Freddie Mac and Ginnie Mae are set up to accept eNotes. The MERS® eRegistry – the system of record for eNotes – also provides a **list** of MERS® eRegistry members that accept eNotes. You should contact your investors directly to discuss your eNote initiative, as many additional warehouse lenders and investors will accept eNotes based on their eVault status and relationships with loan originators.

However, if your investors don't accept eNotes, your technology vendor or eVault provider should be able to introduce you to an investor that does. Additionally, you can still implement an eSign or eNotary hybrid eClosing with a paper note, which every investor accepts.

8. Do I need an eVault?

If you plan to offer eNotes, you're going to need an eVault. eNotes need to be stored in a certified eVault, which can also provide instantaneous eDelivery of eNotes to other stakeholders. If you plan to sell eNotes to a warehouse lender or investor, they will also need their own eVaults. Several of the industry's largest investors are already integrated with DocMagic's industry-leading eVault technology to store eNotes.

Unlike an imaging system, which only stores an electronic copy or "view" of the paper documents, an eVault also stores the source XML data, audit trail, original digital signature and tamper-evident seal to protect the integrity of the legal documents.

DocMagic's eVault is certified and developed from proprietary technology, meaning our eVault is part of an end-to-end eClose platform that can seamlessly connect with every solution in our entire eClosing suite. Our eVault also features a Global File System that accepts virtually any digital asset, including eChattel (electronic promissory notes, auto notes, commercial leases, etc.), any type of electronic file including authoritative copies, and all data formats, such as TIFF, Word, Excel, PDF, Category 1 SMART Doc®, and even audio files.

9. Why should I consider eClosing?

eClosings have a variety of benefits! Here are just a few of them:

- **A better borrower experience:** Borrowers can complete the mortgage loan process much faster with an eClosing compared to a traditional paper closing. Additionally, they can receive and view the closing package ahead of the closing, cutting the closing ceremony to as little as 15 minutes.
- **Improved security:** eClosings come with increased compliance, ensuring lenders can successfully navigate the regulatory landscape.
- **Increased accuracy and operational efficiency:** The use of eSignatures means there are no missed signatures, initials or dates, resulting in less time wasted due to human error.
- **Post-closing efficiency:** eNotes can be eDelivered and sold to the secondary market as soon as the loan closes.
- **Convenience:** Remote online notarization allows borrowers to close from the safety and comfort of their homes.

10. How can I get started with eClosing?

For many lenders, it's easiest to start with basic eSign hybrids — especially if your document generation solution is already e-enabled (set up for eSignatures). **DocMagic's document generation** customers, for example, can be set up to begin testing eSign hybrids in as little as 24 hours.

If your current document generation solution isn't already e-enabled, then you will need to utilize a program like **DocMagic's AutoPrep™** solution, which can instantly e-enable any third-party loan documents for eSignature, eNotarization and eClosing.

If you have any additional questions or would like to learn more about which eClosing solution is right for you, schedule a demo, today!

[REQUEST A DEMO](#)