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# Untangling the Complexities of eClosings

How to Evaluate eClosing Options for Your Business



# Introduction

Amidst all the buzz surrounding eClosings, title professionals are left to navigate a confusing maze of legislation, local practices, technology partners, and questions surrounding the value of eClosings to meet homebuyer expectations.

In this guide, you will learn why eClosings remains a complex issue, while also gaining insight into how to best prepare and begin the process of evaluating the eClosing options that are available.

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# Types of Closings

The path toward eClosings feels more like an “obstacle course” than a straight track forward. Local laws, practices, and availability of technology partners differ across the country, making the eClosing landscape a bit rocky.

To understand the variance, it’s helpful to look at the 4 different types of closings:

	TRADITIONAL "WET" CLOSING	HYBRID ECLSOING	IN-PERSON DIGITAL ECLOSING*	ONLINE NOTARY ECLOSING**
WHERE DOES CLOSING TAKE PLACE?	In-person	In-person	In-person	Remotely (not in-person)
ARE DOCUMENTS PRINTED OR DIGITAL?	100% paper documents	Some paper documents, some digital documents	100% digital documents	100% digital documents
HOW ARE DOCUMENTS SIGNED?	Wet signatures	Some "wet" signatures, some eSignatures	eSignatures	eSignatures
HOW ARE DOCUMENTS NOTARIZED?	In-office, "mobile notary" or "mail away" in which buyer finds local Notary Public	In-office or "mobile notary"	In-office or "mobile notary"	eNotary appears before signer via webcam

Mobile notary: A notary public who is mobile and travels to clients

\*Only a handful of states have authorized in-person digital eClosings

\*\*Only a handful of states have authorized remote online notarization (RON) laws to make online notary eClosings possible

# Unpacking eClosings: What's Possible in My State and County?

Even with such tidy descriptions of each closing type, understanding what's possible in a particular region is not so simple. For starters, the acceptance of digital documents and eRecording varies on a county level. This means that in a particular metropolitan region, say Dallas/Fort Worth, for example, one county office may accept eRecorded documents while another county office in the same metro may reject eRecorded documents.

A large, stylized green number '22' is positioned on the left side of the infographic. The background features a light blue silhouette of a mountain range.

States have  
currently passed  
RON legislation

As of August 14, 2019

Further, the accessibility of fully-digital eClosings (online notary eClosings) depends on state requirements. To complete online notary closings, Remote Online Notary (RON) must be written into law at a state-level. As of this publication, 7 states have passed some form of RON legislation in 2019, bringing the total number of states that have authorized RON to 22 since the Model ENotarization Act of 2017. States that currently have passed RON legislation include: Washington, Idaho, Montana, North Dakota, South Dakota, Nebraska, Iowa, Minnesota, Michigan, Indiana, Ohio, Kentucky, Virginia, Tennessee, Vermont, Maryland, Florida, Texas, Oklahoma, Arizona, Utah, and Nevada. Timelines for when these laws go into effect vary. Title companies must also examine the requirements of their underwriters (not all underwriters insure e-notarization even where it's legal) and the acceptability of eClosings among their lenders.

# Do Consumers Actually Want eClosings?

While eClosings are gaining attention and momentum, the question remains: are fully-digital closings the best route to achieve optimal customer experience?

The answer isn't as clear cut as many might think. Transparency and education are key tenets in the closing experience for homebuyers. In other words, most homebuyers still crave the reassurance of a human interaction and some level of consultation to help them navigate the complexities of closing documents.

## Hesitance in the Process

Jim O'Donnell, President of Equity National Title, is a leader in the eClosing space. Throughout the past year, his team has identified a few patterns or instances when homebuyers using eClosing tools may feel some uncertainty.

- 1 Older generations can often become overwhelmed when technology is introduced at closing. If the borrower is not prepared for an electronic closing experience further up in the process (e.g. at loan origination), they are often bewildered by the eClosing process.
- 2 Borrowers who are "highly-technical" such as computer engineers are sometimes wary of eClosings due to privacy concerns. These borrowers are hyper-aware of cyber attacks and want to know the ins-and-outs of the eClosing technology before submitting sensitive information.
- 3 Clunky digital experiences can lead to borrowers opting out of eClosings. Outdated platforms or confusing steps that closing processors understand, but that the average homebuyer might not be familiar with.

Homebuyers are looking for guidance and a consistent experience from start to finish. With that in mind, it's evident that creating a best-in-class eClosing experience requires more than just digital signing and eNotary capabilities.

Title & escrow companies should coordinate with lenders to establish what the eClosing experience will look like further upstream during the mortgage documentation process and carry that vision through the closing.

# Demand for eClosings is Rising

Even with some reluctance and hesitancy from homebuyers, the demand for eClosings continues to rise. For decades, America has ranked as one of the most geographically mobile countries in the world. The average person in the U.S. will move more than 11 times in his or her lifetime. America's vastness and a common language make moving to a new region easy, but is purchasing a new home across state lines simple?



According to [Deloitte](#), migration studies indicate that Baby Boomers are frequently moving to Florida and Arizona (8 of the top 10 metro destinations were in these states), Generation Xers are relocating to Texas (5 of the top 10 destinations were in this state), and Millennials are migrating to Colorado and Florida (5 of the top 10 destinations were in these states).

# The Benefits of eClosings

Regardless of whether the closing is fully-digital or a hybrid process, research indicates several benefits of all levels of eClosings.



## Shorter Closing Times

With hybrid eClosings, homebuyers can e-sign documents ahead of the closing appointment. This means that the buyer is typically wet-signing around 10 documents instead of the 40+ documents in a traditional closing. This can significantly reduce the time agents are spending at the closing table from an hour to less than 20 minutes.



## Simplified Coordination

In traditional “wet” closings, in-person digital eClosings, and hybrid eClosings, a homebuyer must coordinate with a notary to sign documents in their presence. This coordination is simplified with RON and eliminates any travel requirements.



## Reduced Errors

Missed signatures on closing documents can prolong the closing process. Digital signature vendors instantly ensure every signature block is signed.



## Security

With secure digital information exchange, title companies can control access to private information and ensure highly-sensitive information is not floating around on paper documents. Additionally, eSignature platforms apply a “tamper-evident seal” to electronic documents so that closing documents cannot be altered.

# Putting the Pieces Together: How Do We Move Forward?

In such a complicated environment, it may be enticing to opt out of eClosings altogether; however, title & escrow companies who dip their toes in eClosings now will come out ahead in the future. Jim O'Donnell recommends three ways title and escrow companies can start laying a digital foundation to get started with eClosings.

## 1 Master the Details

Lenders utilize a variety of digital platforms for mortgage-side documentation. It's important that title agents "master the details" and become very familiar with each lender's eClosing portal. Knowing the ins-and-outs of each platform will ensure a smoother process at closing. Lenders use multiple different portals, and, in the future, this number is only likely to increase. This means that title agents need to be nimble and quick in identifying the nuances of each platform. They need to become the experts to guide the borrower at closing.

## 2 Talk With Your Lenders

Homebuyers are often caught off guard when technology is introduced at closing. This is often because the lender's process of interacting with the borrower before the closing did not come through an electronic portal, so the homebuyer was not prepared for the electronic process at closing. It is recommended that title companies work closely with their lender partners and collaborate to ensure borrower is prepared for eClosings early in the process.

## 3 Jump In and Get Started With eClosings

Demand for fully-digital (online notary eClosings) will eventually happen as legislation begins to break down the barriers of fully-digital closings. In the meantime, title & escrow companies should "wade in" and get started with hybrid closings before taking the "full splash" with online notary eClosings. Unlike online notary eClosings, hybrid eClosings are accepted everywhere, which makes getting started simpler.

The eClosing landscape remains uncertain in the present; however, the future points to digital. As the real estate industry evolves to meet the needs of an empowered, digital homebuyer, title & escrow companies that prioritize transparency, convenience, and security in the closing process will come out ahead. With that in mind, title & escrow companies who adopt hybrid eClosings now will lay a solid foundation for what's next.