E-Notarization Beginning to Gain Traction Nationwide, Whitepaper Says

In-person and remote e-notarizations are starting to see heightened interest from the mortgage banking community and elsewhere.

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As digital signature technology expands and becomes more secure, so too have e-notarization processes, according to a new whitepaper released by the National Notary Association.

According to the paper, two main types of e-notarizations have started to gain traction across the country. In-person e-notarizations retain the face-to-face element of a traditional notarization, but the signer and notary render their signatures electronically on a computer or mobile device.

The second type, a remote notarization, allows the notary to verify signers' identities through a recorded teleconference, meaning that the two parties don't have to be in the same place. Remote notarizations are only permitted in Montana and Virginia, to date. Montana e-notarizations require both notaries and signers to be Montana based, but Virginia's policy allows Virginia notaries to issue remote e-notarizations for signers in outside states.

The whitepaper noted that risks to webcam notarizations are a little more heightened—the security of webcam streams can be more highly questioned, and some in the Notary community believe that lack of a physical interaction between notary and signers can call the whole notarization into question.

Pem Guerry, executive vice president of e-signature company SIGNiX, explained that

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while there are some risks, there are some key advantages to remote notarizations, especially where form security is concerned.

"You've captured the video of the notarization, so if there was fraud, it's caught on camera. It's a tremendous deterrent to fraud because you're captured on camera if you're attempting to commit fraud," he said.

Additionally, by removing the need to meet in person, Guerry said notarization becomes a much cheaper, simpler process.

In both cases, e-notarizations produce tamper-evident records—any document signed and notarized cannot be altered without a digital record of the alteration. Guerry said that the digital record bolsters security of any notarization processes.

While most states have adopted the Uniform Election Transactions Act allowing for transactions, signatures and notarizations to be made electronically, Illinois, New York, and Washington are still holdouts, meaning that e-notarizations can't be used in those states. Other states have put in place further regulations for e-notarizations.

According to Guerry, organizations like the National Notary Association, the Mortgage Bankers Association, the American Land Title Association, and even the National Association of Secretaries of State have hosted conference sessions or exploratory committees to research e-notarization adoption.

The whitepaper noted that while courts and law enforcement are beginning to adopt e-notarization, mortgage banking is one of the biggest industries standing to benefit from adoption.

"Mortgage banking is potentially the most compelling use case there is because partially the number of mortgages they do require notarization, and to efficiently do that and have a full electronic closing, the benefits are tremendous," Guerry explained.

While legal communities working with mortgage could perhaps benefit most from the technology, Guerry said that smaller notarize-required transactions like bonds and wage garnishments could lead the way in e-notarization technology.

"I think the fastest adoption will be organizations that need to capture a signature for something else other than the mortgage. The mortgage is where the biggest benefit will ultimately be, but if an organization is relying upon the notary for their own paperwork, then you don't have to get multiple parties on board," he said.

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