

eClosings: Transforming the Mortgage Experience

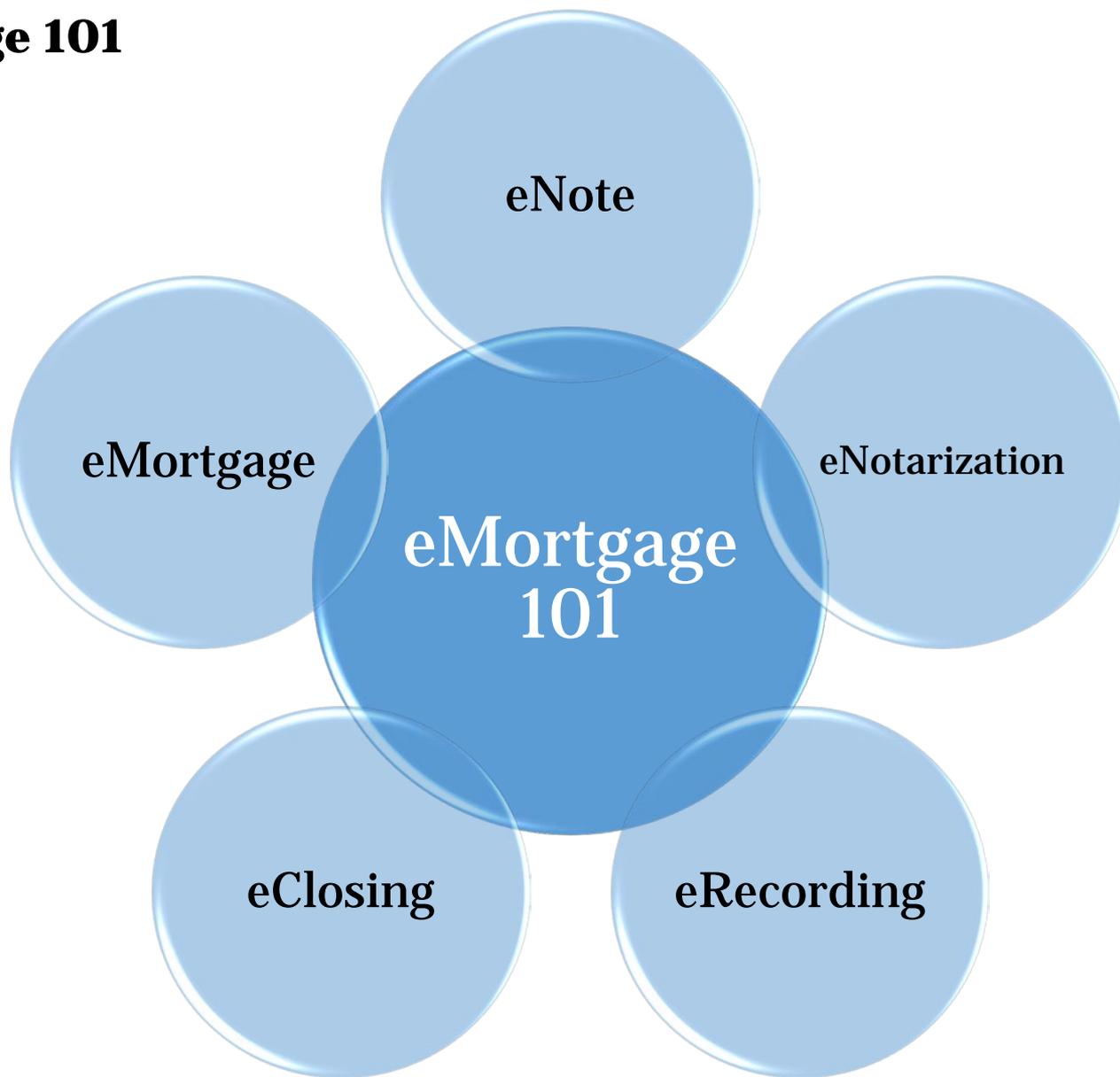
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Agenda

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

eMortgage 101

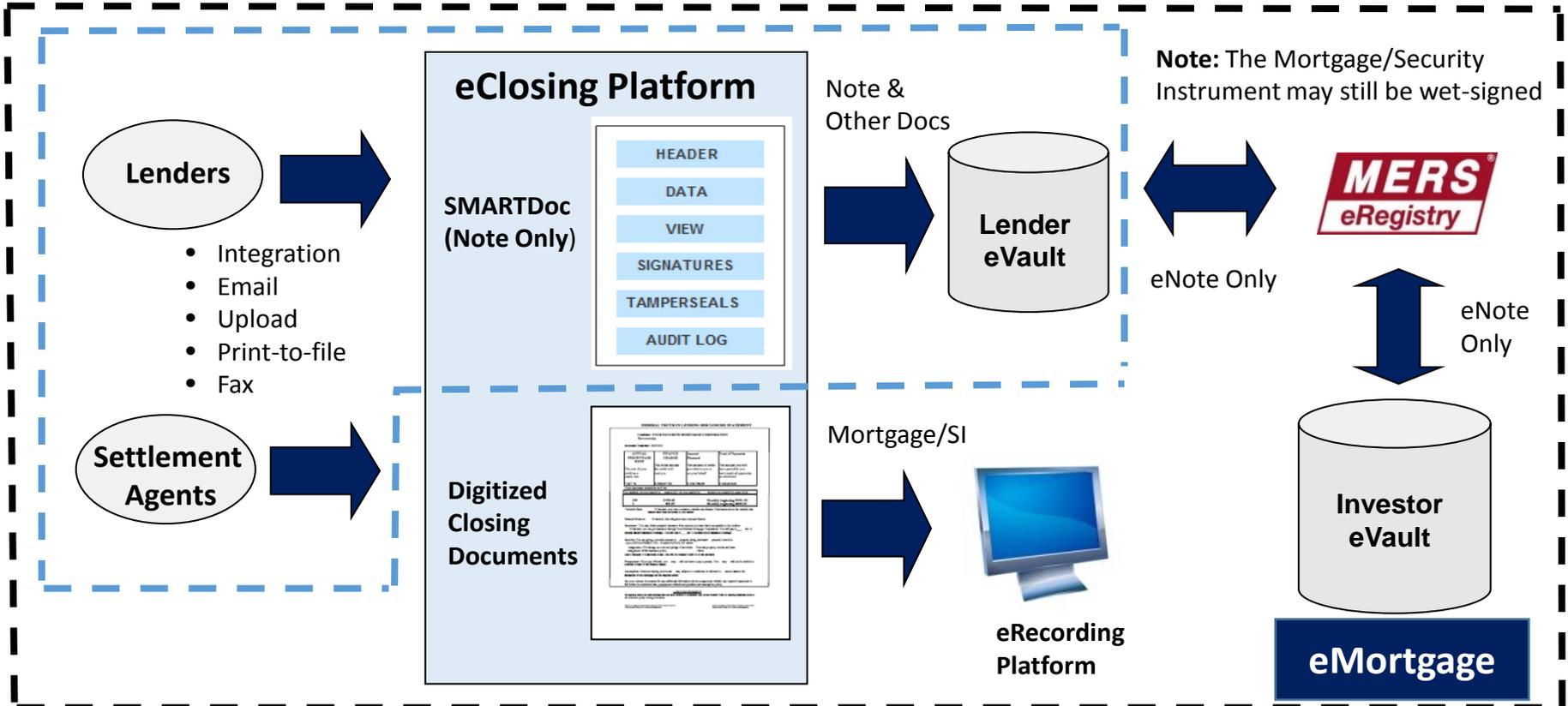
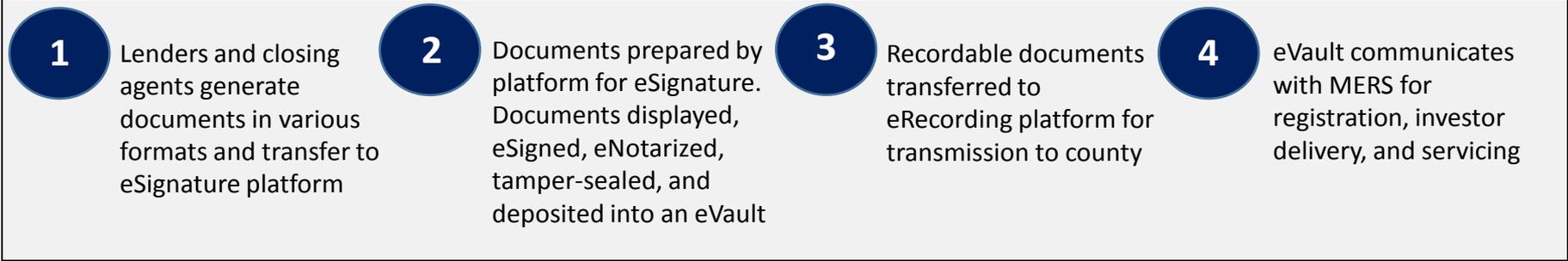




The MERS eRegistry is an essential part of the eMortgage process

- 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

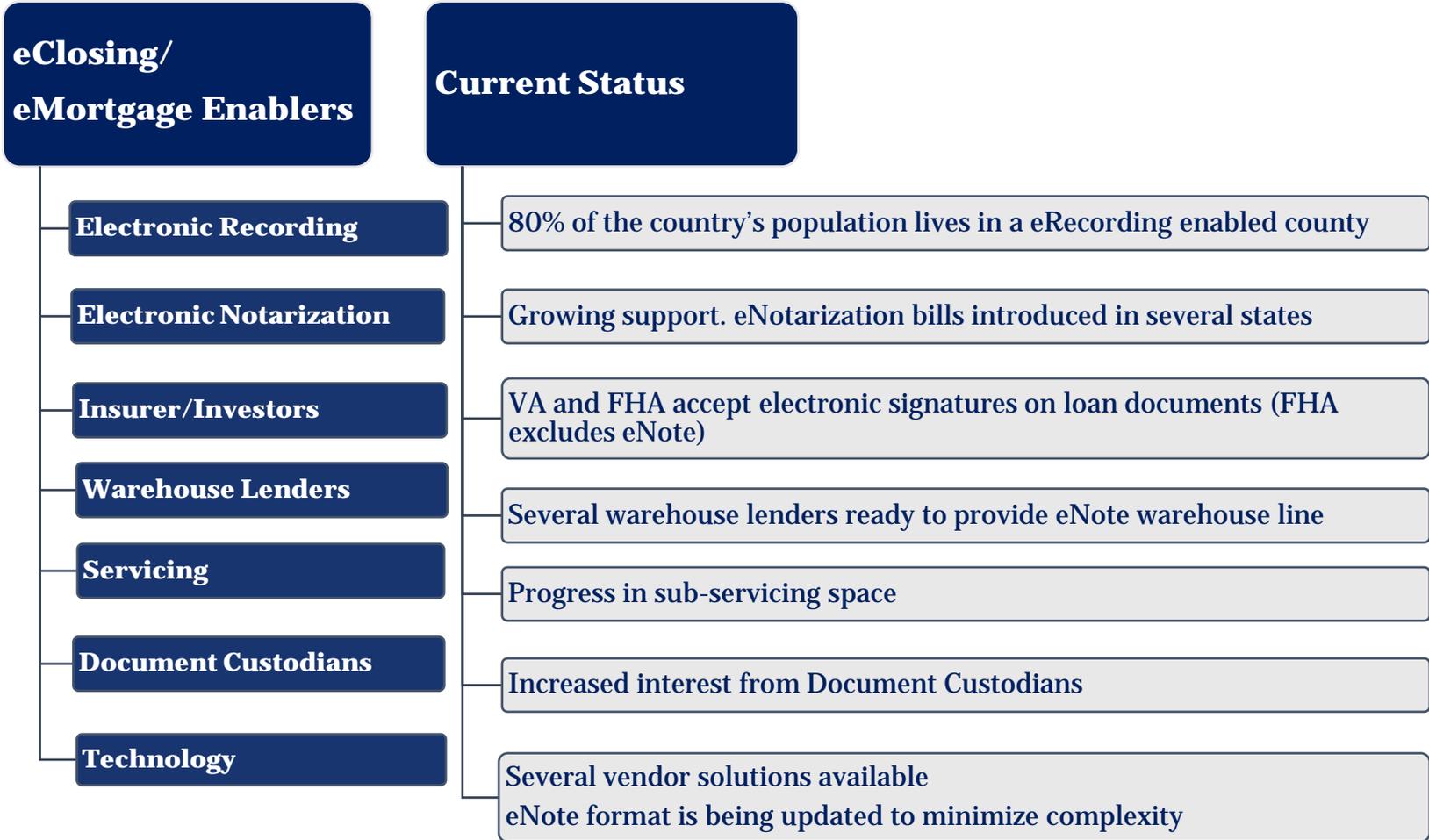
Financial Efficiencies for Lenders

- 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
 - Raj Jagani and the Fannie Mae eMortgage Team: eMortgage_info@fanniemae.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.