



# Creating eMortgage Acceptance and Adoption

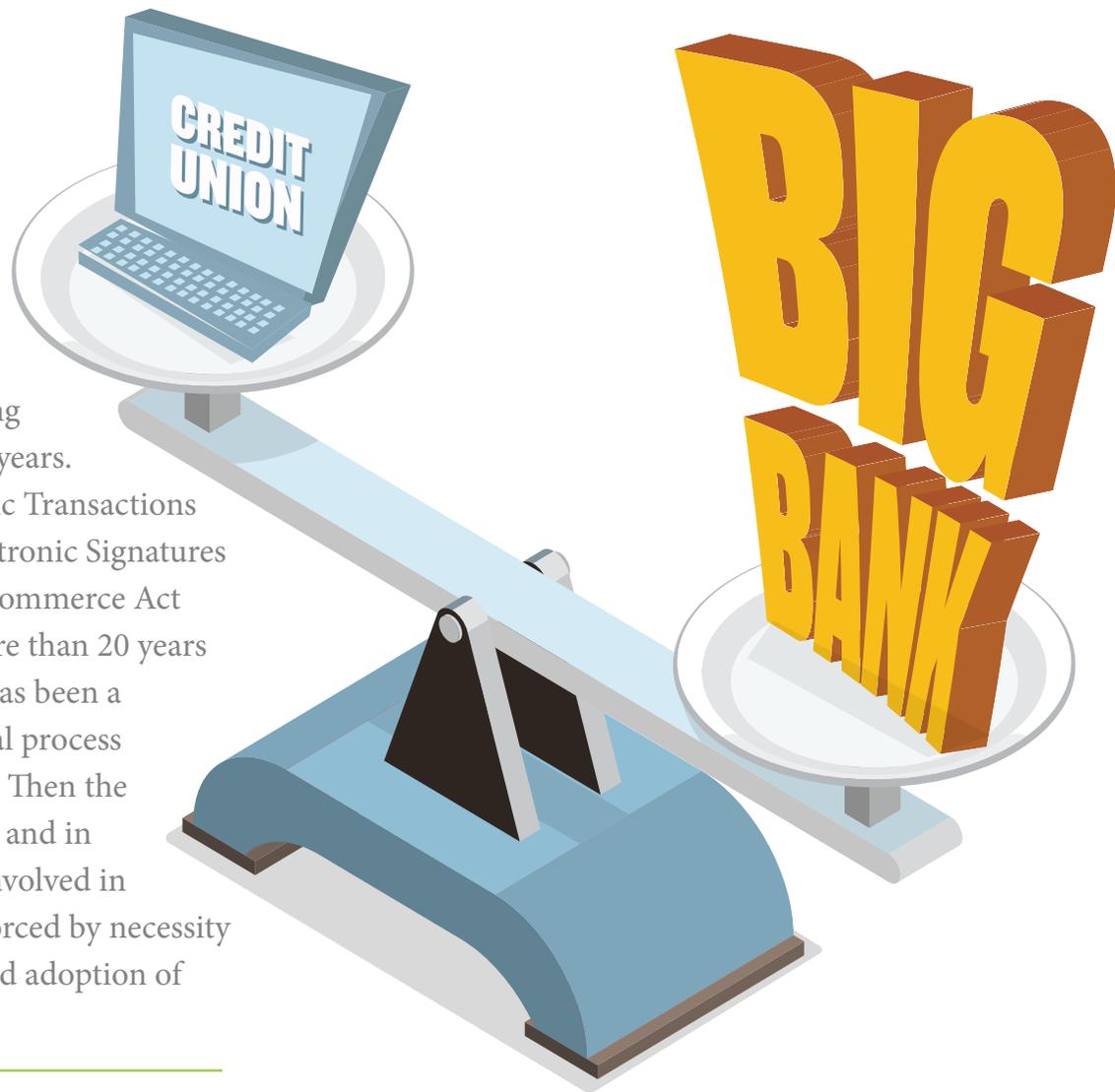
*Pandemic Accelerates Transformation to Digital World*

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It took a pandemic only a few months to accomplish what an industry has been evolving toward for more than 20 years.

The Uniform Electronic Transactions Act (UETA) and the Electronic Signatures in Global and National Commerce Act (ESIGN) became law more than 20 years ago, but adoption of “e” has been a painfully slow, methodical process in the mortgage industry. Then the COVID-19 virus arrived, and in two months businesses involved in mortgage lending were forced by necessity to increase acceptance and adoption of remote processes.

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Because COVID-19 hit in one of the hottest refi markets ever, putting shelter-at-home mandates in place, more than 25 states passed emergency bills to support Remote Online Notary (RON) and Remote Ink Notary (RIN) to continue to close loans securely and safely with as little human interaction and contact as possible. The experiment has shown that not only have people adapted, but productivity increased. So, for many there is no going back to “business as usual.” Some of the key takeaways and lessons learned:

**1 Delivering a unique customer experience (ease & convenience) and competitive market advantage has always been an “e” benefit and advantage.**

For credit unions that have always focused on offering superior member customer service and experience, RON provided another opportunity to deliver a new way of doing business that many had not previously supported.

In a highly competitive and commoditized mortgage market, what other things do credit unions have to compete on? Because of their size, many CUs cannot compete on price against the national players, so making it easier for borrowers to do business with CUs, rather than having them use the antiquated processes of the big players, delivers a unique competitive differentiator and market advantage.

Also, if you want to sell into the secondary market, it is hard to create new loan products. That means delivering an easy, simpler process is another way to compete against the big players.

**2 Offering convenience even in times of coronavirus is smart.**

Despite natural disasters or even global pandemics, providing an online system affords credit unions the opportunity to remain open and conduct business 24/7, supporting members as long as they have Internet access.

And implementing Remote Online

Notary allows them to be personally accessible anywhere and online any-time to originate and close loans legally, conveniently and more securely.

**3 Technology levels the playing field to compete with the big players (and provides a strong defensive strategy to prevent them from poaching your customers).**



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needs to be physically located in the state where the property is located.

Now, because of these new rules, lenders do not need to incur the physical costs of building and maintaining branches in remote places in the state. This allows them to conduct business and close loans remotely anywhere in the state.

**4 Compliance, control and confidence are increased.**

Especially for smaller players, conducting business electronically finally provides a full electronic accounting and (date and time stamp) audit trail of evidence of who did what, when and why. You simply do not have that type of control and accounting in the paper world.

This electronic evidence provides irrefutable proof to be able to show and prove at any time what was said and what was done. It provides an electronic accounting of the total transaction, protecting all parties in the closing process.

Investors who purchase the loans love to have this kind of audit trail as it pro-

TECTS them against any potential future issues should anyone contest the loan.

**5 Chances improve for capturing and maintaining lifetime client relationships.**

Electronic records (all data, documents and video) are stored for live loan processing and can be easily accessed and retrieved to cross-sell and generate future business for refinances, modifications and home-equity loans.

In summary, change is difficult, especially if people are still making money on established paper processes that have been baked into the process and cost of doing business for years. However, consumer behaviors and expectations have changed, and lenders need to implement processes that deliver better consumer experiences and service and reduce time, costs and risk.

One might have thought that processes would have changed during the 2007-2008 mortgage meltdown. During that economic downturn, lawsuits ensued, and regulators and auditors went to servicers’ paper files to try and document what happened. What they found was that most of the critical documentation was missing (lost notes and affidavits) or just plain not properly disclosed.

This time around, with more digital processes in use, lenders have learned from their mistakes, and history will not repeat itself. ▲



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*Tim M. Anderson is the Senior Vice President of eStrategy and Business Development at Pavaso, Inc., which has created a powerful digital closing platform that uses the Web’s collaboration and social features, integrations, analytics and enterprise scalability to bring everyone in the closing process together on the same page.*



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