



As 'E' As Can Be

**BUILDING A TRUE END-TO-END E-MORTGAGE PROCESS
THROUGH AUTOMATED COLLABORATION AND POST CLOSING**





Executive Summary

As the barriers to e-mortgage continue to fall, lenders need to prepare themselves for the future by executing as much of their current mortgage process as they can electronically. By forging closer ties to settlement agents using electronic collaboration and post-closing tools, lenders can draw on the settlement agent's experience in utilizing electronic real estate tools, such as e-notarization and e-recording, to create a more seamless e-closing environment that also closely mimics the settlement agent's current workflow and process – all of which results in a better experience for the consumer.

Current Challenges to Going ‘E’

In today’s real estate transaction, lenders hold much of the regulatory liability for ensuring a smooth and accurate mortgage closing, thanks to the TILA-RESPA Integrated Disclosure (TRID) rule. However, it is the settlement agent that is ultimately responsible for the actual execution of the closing process.

As a result, lenders and settlement agents have had to work together more closely than ever before. Previously, lenders and settlement agents merely exchanged information through traditional document exchange and did not engage in true collaboration. Now, collaboration is a necessity in order to ensure that fees and other information are accurate and that documents are delivered within the prescribed window to ensure an on-time closing.

Tighter disclosure delivery deadlines have also prompted lenders to seek out more digital mortgage solutions. By utilizing solutions like e-signatures, e-delivery, and e-closing platforms, lenders are able to shave time from the mortgage process, which also helps ensure a better experience for the consumer, yet lenders are finding that getting settlement agents on board with e-closings is proving more challenging than expected.

This is because most e-closing platforms have been built to mirror the lender’s workflow rather than settlement agent’s. As the literal agent of closing, the settlement agent also has a vested interest in utilizing e-solutions, but many settlement agents have been resistant to utilizing e-closing platforms offered by the lender because these systems require them to work outside their normal platforms and protocols. Furthermore, settlement agents often work with a variety of lenders, and learning each lender’s e-closing platform presents an additional burden that is hard to ignore.

For lenders to have success in making each transaction as “e” as it can be, they must leverage digital collaboration and post-closing tools to bring settlement agents into the process.

Understanding Settlement's Role in 'E'

Like lenders, settlement agents are also looking for solutions to increase their efficiency, as they, too, are subject to the tighter disclosure delivery timelines – even if they face no regulatory consequence for non-compliance.

Settlement agents want a consistent process for all their closings. If you look historically at how the settlement agent has been engaged in the e-closing process, it's mainly been from a promotional standpoint early on, but very rarely is it acknowledged how much of a departure the e-closing process is for the settlement agent from a traditional closing. Much of this has to do with how many e-closing platforms have failed to take the settlement agent's workflow into account.

Settlement agents are well versed in digital real estate tools. Unlike e-closing, e-recording has enjoyed widespread adoption for many years. According to the Property Records Industry Association (PRIA), 1,751 out of 3,594 recording jurisdictions within the United States, as of Nov. 30, 2017, utilize e-recording for documents, with these e-recording jurisdictions covering nearly 80 percent of the U.S. population. Furthermore, many jurisdictions have also embraced e-signatures and e-notarization, which settlement agents have taken full advantage of when available.

Thus, settlement agents often sit at the nexus of federal-, state-, and county-level regulations, making them uniquely positioned to advise lenders on the degree to which their transaction can be conducted electronically. By tapping into the wealth of knowledge available through the settlement agent network, lenders can position themselves competitively against their peers, knowing that they've executed their transaction as electronically as is legally permissible. Of course, the ability to tap into that knowledge hinges upon lenders establishing better connections to settlement agents through digital collaboration and post-closing portals that are deeply integrated with the lender's existing e-closing platform.

Collaboration & Post Closing for ‘E’ Success

While final document collaboration and post closing bookend the closing portion of the transaction, these are two additional areas in which settlement agents play a critical role in the loan manufacturing process. By creating stronger ties to the settlement agent prior to and after closing, lenders can establish more fulsome relationships with settlement agents, which eases the way for introducing e-closings into the mix.

Collaboration tools bring both lenders and settlement agents the consistency each party craves in the real estate transaction. Digital collaboration portals are designed to enable lenders and settlement agents to work together in real time on documents and fees while still operating within their respective environments, allowing each side to complete their portion of the transaction more comfortably. For example, the settlement agent can easily pick up the digital closing package from within the collaboration portal, then submit it to the appropriate recording jurisdiction for e-recording. Thus, the combined e-closing and collaboration platform creates a more seamless digital process for the settlement agent that improves their overall efficiency.

Post-closing tools are a natural extension of collaboration portals, providing a direct line back to the lender for delivery of recorded documents. One of the biggest challenges lenders and settlement agents face in collaboration is ensuring that recorded documents make their way back into the final loan file. Incorporating post-closing tools into an integrated e-closing environment builds upon the connections already established through the collaboration portal by allowing the settlement agent to send final documents and fees back to the lender digitally.

With digital collaboration and post-closing tools in place, lenders can better connect their settlement agent partners to the real estate transaction, making it easy to add e-closings to the mix and create a fully digital process that makes every transaction as “e” as it can be.

