E-Mortgages Can Yield Big Advantages

New technologies offer time and money savings for brokers

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Most of us have heard about electronic mortgages, closings and recordings. What many mortgage brokers don't know, however, is why these things should interest them.

Simply put, electronic mortgages can help brokers save money, acquire additional market share and beat the competition.

Let's start with the basics: According to the Mortgage Bankers Association, an e-mortgage is one in which "the critical loan documentation — at a minimum the promissory note, and preferably also the security instrument and other closing docs — are created electronically, executed electronically, transferred electronically and stored electronically."

These types of mortgages also can be called "paperless mortgages."

The electronic-closing process, meanwhile, involves reviewing documents in a secure online environment and signing them electronically.

Such legal paperwork is possible because of the Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA). While ESIGN facilitates the use of electronic records and signatures, UETA provides a legal framework for electronic transactions. Combined, these laws give electronic signatures and records the same validity and enforceability as manual signatures and paper-based transactions.

What this means to brokers is simple: Not only are electronic mortgages time-savers, but they also are as legally binding as paper.

Immediate benefits

If you're still conducting a paper-based business, your current process probably entails mountains of printed documents along with high overnight-mail and copy costs.

How many times have you had a last-minute change on a loan file and had to reprint and resend the document package? When that happens, not only do you lose efficiency and time, but you also increase your operating expenses and essentially lose money.

By switching to e-mortgages, you'll avoid these problems and experience the benefits of increased efficiency and reduced costs. And when you have to make another last-minute change, you'll smile as you realize how much easier it is to make those changes and deliver them securely.

Further advantages come into play at the closing table. For starters, by going electronic, brokers can get closing documents into the hands — or computers, as it were — of their borrowers more quickly. This allows borrowers more time to review the documents, thus promoting a smoother transaction in the closing room.

Brokers can help ensure secure Web access at the closing table and should be prepared to answer the borrowers' loan questions. When these things are accomplished, it's time to sign.

Electronic signature

Two of the most-common ways to sign a mortgage document electronically are click-to-sign technology and signing pads. Borrowers can simply tap a button to sign each document, or they can affix holographic representations of their signature by using a signing pad similar to what you might see in a grocery store.

A notary witnesses the documents and uses an electronic authentication credential to notarize the transaction. After the proper signatures have been attached, the electronic loan file is tamper-sealed to prevent any changes.

Through this intuitive borrower experience — and with the ability to sign and notarize documents electronically — the closing process can be transformed from a painful, paper-intensive experience to one that is streamlined, simplified and reduced to about 20 minutes.

Electronic workflow also lessens the risk of uncovering any unsigned documents that could delay closing and funding. Moreover, electronic loan files allow post-closing departments to review the file and certify it for delivery to investors quickly and efficiently.

The hybrid closing

Perhaps the most common type of electronic closing today is the hybrid closing. Such closings involve a mix of electronic and paper documents. While most documents can be executed electronically, some documents, such as the recordable documents and, in some cases, the note, are executed on paper. Though the hybrid closing falls short of going completely paperless, closing times are still dramatically reduced.

At this point, some brokers might be wondering how any of this translates to additional market share and revenue. It's simple, really. Electronic mortgages and closings can dramatically improve the borrower experience and even reduce fees that borrowers must pay. In turn, brokers increase the odds that borrowers will become return clients. Moreover, brokers can use the time saved to work on other opportunities and to help borrowers find the best rates and loan programs.

Additionally, electronic mortgages are environmentally friendly — a marketable feature that could bring in more business.

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If this sounds like a lot to take on at once, don't worry. Brokers can build up to an entirely electronic process. Starting with electronic disclosures is probably the simplest introduction to e-mortgages; most document-preparation

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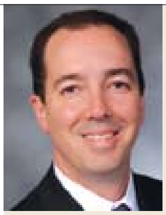

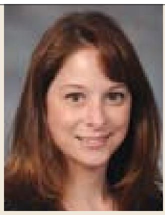

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