



MORTGAGES FOR A DIGITAL AGE*

Digital mortgages aren't new – and in light of recent events, demand is higher than ever. Technology and regulatory changes are removing adoption barriers and enabling new entrants into the market

In today's virtual world, we are leveraging technology to move faster, become more productive, and stay connected. In the current climate amidst COVID-19, we are working together to rediscover the best ways to conduct business and we're relying on more digital capabilities than ever. With both lenders and borrowers working remotely, digital closing options have become essential.

The consumer demand for digital has driven exponential growth in eMortgages. In October 2018, nearly 17,000 electronic promissory notes (eNotes) were registered. Just one year later, that number exploded. After increasing by more than 500% to over 95,000 in 2019, it continues to rise. February 2020 was a record high month with 19,240 eNotes registered.

Why? Because eMortgages can be faster, more secure, and less expensive than traditional paper-based mortgages. They help speed the completion and delivery of loans. Loan documents (including the promissory note) are created, signed, stored, and transmitted electronically, eliminating the risk of lost or missing documents and enabling automated data verification.

Both consumers and lenders are opting for a simpler, quicker, and more reliable process that provides a convenient and secure digital experience.

That is one reason why Fannie Mae has recently launched an interactive site that details the benefits of eMortgages for all stakeholders in the mortgage ecosystem — from local lenders to warehouse banks, to title and settlement agents and real estate professionals.

With the recent shift many people have experienced to remote work, digital closing options are top of mind for lenders and other stakeholders. The speed and ease of eClosings allows borrowers to review and even sign documents in advance, which dramatically changes the closing experience. Title agents benefit from the ability to leverage a remote online notarization, which eliminates meeting in-person and enables the borrower to close anywhere. In today's mortgage market, eClosings allow lenders to offer an expedited

Key Economic Reports Released This Week

RELEASE DATE	ECONOMIC INDICATORS	RELEASED BY	CONSENSUS SURVEY ¹	Wt.	INFLUENCE ON INTEREST RATES
Tue 09/01 10:00 am et	ISM Mfg. Index <i>for August '20</i>	Institute for Supply Management	54.5%	**	▲ If above consensus ▼ If below consensus
Tue 09/01 10:00 am et	Construction Spending <i>for July '20</i>	Bureau of the Census Dept. of Commerce	1.0%	**	▲ If above consensus ▼ If below consensus
Wed 09/02	Motor Vehicle Sales <i>for August '20</i>	Automobile Manufacturers	Vehicles 14.5M prior	**	▲ If above consensus ▼ If below consensus
Wed 09/02 8:15 am et	ADP Nat'l Employment Report <i>for August '20</i>	Automatic Data Proc & Macroeconomic Advisors	1,000K	**	▲ If above consensus ▼ If below consensus
Wed 09/02 10:00 am et	Factory Orders <i>for August '20</i>	Bureau of the Census Dept. of Commerce	5.7%	*	▲ If above consensus ▼ If below consensus
Wed 09/02 2:00 pm et	Beige Book	Federal Reserve Board	N/A	**	Undetermined
Thu 09/03 8:30 am et	Jobless Claims <i>for week ending 01/04</i>	Bur. of Labor Statistics Department of Labor	915k	**	▼ If above consensus ▲ If below consensus
Thu 09/03 8:30 am et	Productivity & Costs <i>2Q '20 Revised</i>	Department of Labor	Prod 7.0% Costs 12.6%	**	▲ If above consensus ▼ If below consensus
Thu 09/03 8:30 am et	International Trade <i>for July '20</i>	Bureau of the Census Dept. of Commerce	-\$58.6B	**	▼ If above consensus ▲ If below consensus
Thu 09/03 10:00 am et	ISM Services Index <i>for August '20</i>	Institute for Supply Management	56.7	**	▲ If above consensus ▼ If below consensus
Fri 09/04 8:30 am et	Employment Situation <i>for August '20</i>	Bur. of Labor Statistics Department of Labor	Payrolls 1.4M Unemp 9.8%	****	▲ If above consensus ▼ If below consensus

¹Survey courtesy of Briefing.com

* Low Importance ** Moderate Importance *** Important **** Very Important

experience that some borrowers expect and prefer. Lenders can also be more efficient because they are not bogged down with managing and validating paperwork, have greater certainty about the quality of the loan, and receive funds faster. For instance, 98 percent of Quicken Loans clients who went through the eClosing process shared positive responses.

Today, eMortgages are more widely available in the U.S. than ever before. The Electronic Signatures in Global and National Commerce (ESIGN) Act supports the use of electronic signatures in all 50 states, and over 85 percent of the U.S. population lives in a jurisdiction with eRecording capabilities. Forty-seven states have adopted the Uniform Electronic Transactions Act (UETA) that created standards to help determine legality of electronic signatures and records. By the end of 2020, remote online notarization (RON) will be effective in at least 22 states as other states continue to explore their own RON legislation. 🗳️

*Henry Cason/ Fannie Mae / Perspectives Blog