



# E-Closings and RON Update for Maryland

INSTRUCTOR  
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CEO and President  
Community Title Network, LLC  
September 13, 2021



### **Michael C. Ridgway, Esquire**

For over 36 years, Mike has been practicing law, focusing on real estate law matters, and conducting settlements throughout the MD, DC and VA markets. Mike has taught hundreds of Continuing Education courses throughout Maryland, DC and Virginia for realtors and title agents over his career, focusing not only on the legal aspects of the course content, but focusing on the practical applications and how realtors and title agents can use this information in the course to better support their clients' needs and help them and their clients achieve success in their transactions.

He has focused his career in efforts to help realtors and title agents grow their business. Mike has been a licensed attorney in Maryland since 1985. Mike has held leadership roles in law firms and title agencies over his 35 year career, including leadership roles in Ridgway and Griffin, Chartered, and Universal Title, a large regional title agency serving MD, DC and VA. Mike is currently the CEO, President and majority owner of Community

Title Network, LLC, a title agency which provides residential and commercial settlement services in MD, DC, VA, and DE. He is also the Managing Member in the Ridgway Law Group, LLC which focuses its practice on providing legal assistance in real estate transactions and other commercial and residential real estate matters.

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**E – Closings and  
Electronic Notarization-  
Maryland Update**

How will these impact real estate settlements  
and where do we go from here?

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**WHAT WE ARE DISCUSSING TODAY**

**AGENDA**

- Brief Recap of how we got here
- Context of E- Closings Important
  - How E-closings got us to this point
  - How consumer demand is driving change
  - How lender demand is driving change
- Quick Refresher - Types of E Closings
- Overview of RULONA laws in Maryland

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**WHAT WE ARE DISCUSSING TODAY**

**AGENDA**

- Benefits of RON
- How RON works (generally)
- State of the RON market today
- Review of RON Platforms
- How to prepare for RON
- What you need to know before going live w/  
RON

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# E-CLOSINGS

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## E - CLOSINGS - LEGAL FOUNDATION

- Uniform Electronic Transactions Act (UETA) (1999)
  - Gives legal recognition to electronic signatures, records and contracts
  - Section 11 permits a notary public and other authorized officers to act electronically, effectively removing the stamp/seal requirements
- Maryland Uniform Electronic Transactions Act (MUETA)
- Electronic Signatures in Global and National Commerce Act (ESIGN ) (2000)

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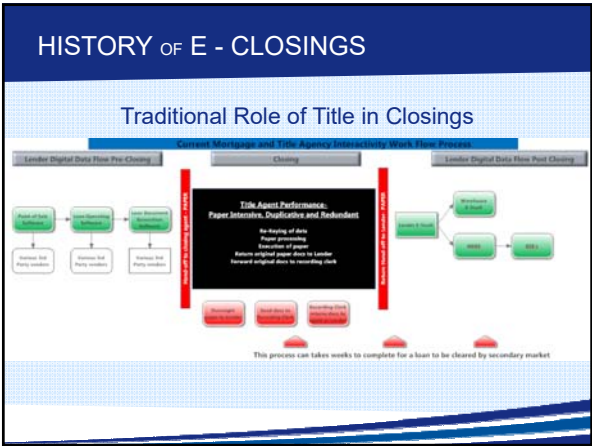
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## HISTORY OF E - CLOSINGS

Many stakeholders involved in process

- Lenders
- LOS Vendors
- Lender Secondary market /Fannie, Freddie, GNMA
- Warehouse Lenders
- Clerks of Court
- E Recording Services
- Title an important player, not very innovative

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## E -CLOSINGS DEFINED

An **eClosing** involves electronic execution of the some of or the entire closing package. There are both in-person eClosings and remote online eClosings being executed today.

A digital mortgage is one where the critical loan documentation, specifically the promissory note, exists in digital format. It is executed electronically, transferred digitally and ultimately stored digitally.

*Adapted from MBA*

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## TYPES of E-CLOSINGS



- Hybrid
- E Note
- Fully Digital
- Remote/ Virtual
- Hybrid RON

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### TYPES of E-CLOSINGS

#### Traditional Closing



- All paper documents signed with wet ink
- In person notary
- Traditional ID verification

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### TYPES of E-CLOSINGS

#### Hybrid E-Closing



- Procedural documents and disclosures are signed electronically
- Wet ink signatures on Deed/Mortgage and Promissory Note
- In person notary
- Traditional ID verification

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### TYPES of E-CLOSINGS

#### In Person E-Closing



- All documents are electronic
- Signed on Laptop or tablet
- In person notary
- Traditional ID verification

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### TYPES of E-CLOSINGS

#### Remote Notary (Virtual) E-Closing



- All documents are electronic
- Signed on Laptop or tablet
- Webcam notary
- Electronic ID verification

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### TYPES of E-CLOSINGS

#### Hybrid Virtual E Closing



- Most documents are electronic
- Signed on Laptop or tablet
- Webcam remote notary
- Electronic ID verification
- Wet sign Promissory Note and/or Deed of Trust

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### DIGITAL MORTGAGE EXPERIENCE: CONSUMER EXPECTATIONS HAVE SHIFTED

- Borrower Experience Superior with Technology
  - 71% of Borrowers were provided an online Portal in lending process
  - Borrowers, overall, were 2X more likely to think technology improved the loan process when provided an online portal
  - Baby boomers were **3X more likely** to think technology improved the loan process when provided an online portal

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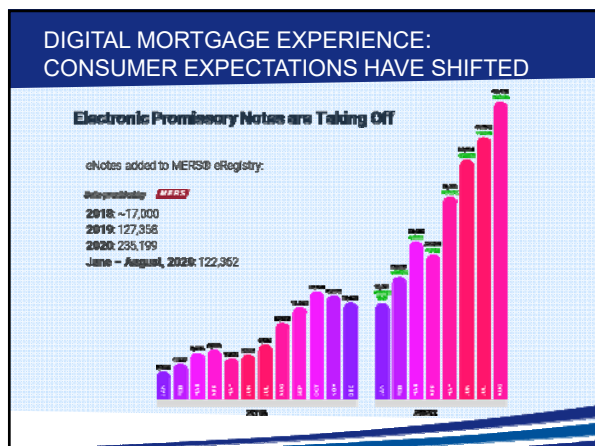
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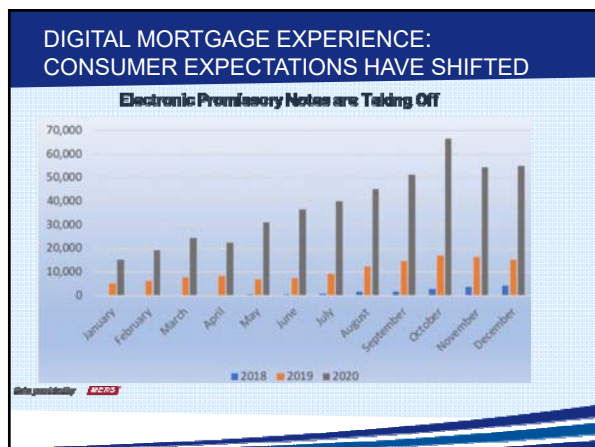
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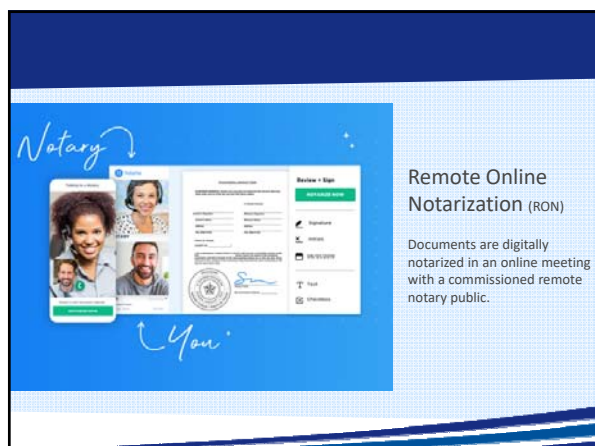
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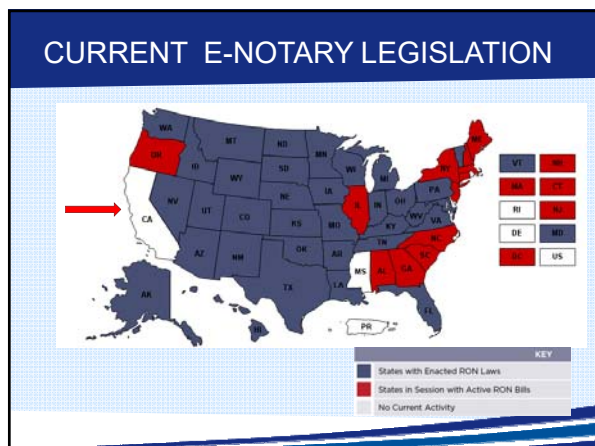
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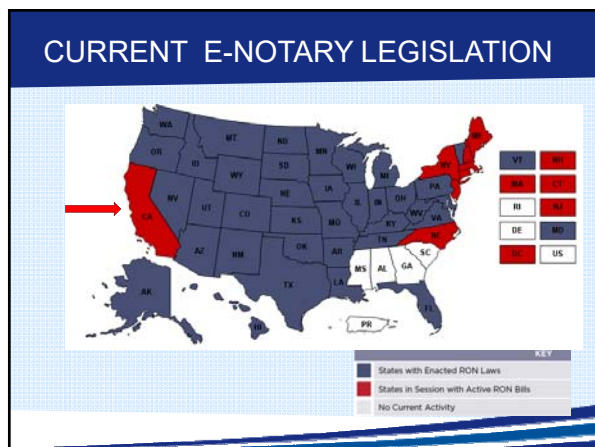
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### NOTARIZATION in MARYLAND

**New General Provisions for Notaries**

- Repeals existing powers and replaces them with powers of the Revised Uniform Law on Notarial Acts
- Allows for Remote and Electronic Notarization
- Requires Certificates, Stamps and records
- Notary may refuse to perform notarial acts under certain circumstances
- Satisfactory evidence of ID per specified ~~unexpired~~ government ID containing a signature and a photo of the person
- Notary authorized to charge up to \$4.00, but also MD Sec of State can set pricing
- Requires Notaries to keep a journal for 10 years

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- **Requires Notaries to keep a journal for 10 years**

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## NOTARIZATION in MARYLAND

### Additional General Provisions for Notaries

- Good moral character and integrity no longer required
- Now must be a resident of the state or work in the state (formerly live or work in state)
- New notary applicants must pass a course and exam (\$\$)
- Renewal applicants- complete a course

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## RON - in MARYLAND

- New definitions
  - Communication technology
  - Credential Analysis
  - Electronic
  - Electronic Signature
  - Identity Proofing
  - Record
  - Remote Presentation
  - Remotely Located Individual
  - Stamping Device
  - Tamper Evident Format

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## RON - in MARYLAND

- Notice by Notary to the MD SOS prior to Notary initial Remote Notarial Act
- Requirements for Notarization Systems and Providers
- Appearance in Person-
  - interacting with another individual by means of audio-video communication
  - close enough to see, hear, communicate with, and exchange tangible identification credentials with that individual
- Identity Proofing (credential Analysis) Requirements
- Audio- Video Record Required
- Certificate Issuance by Notary Required
- Electronic Record
- Electronic Notarial certificate
- Security of Record
- Journal Required

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- Security of Record
- **Journal Required**

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## E - NOTARIZATION in MARYLAND

### The Notary Journal Requirement

"A notary public shall maintain only one journal at a time to chronicle all notarial acts performed regarding tangible records, and one or more journals to chronicle all notarial acts performed regarding electronic records."

*See MD Code, State Government Article § 18-219*

- for wet signings - notary must have a "bound register with numbered pages"
- electronic journal, it "must be in a permanent, tamper-evident electronic format that complies with any regulations adopted by the Secretary of State under § 18-222."
- No regulations promulgated to date by Sec of State
- How to create an E journal solution

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## OTHER ASPECTS of RON in MARYLAND

- Fees
  - Standard
  - Maximum
  - Travel Fee
- **Only allowed in Counties where e-recording occurs**
- Voluntary by Principal- Principal **not** required to e-sign
- **Maryland Title Licensee must still conduct the closing**

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## BENEFITS OF RON



### Faster

Mortgage transaction times reduced from days and weeks to minutes.

RON portals completes online closings six days a week.



### Cheaper

Saves up to \$100 per notarization and \$1,100 per closing.

Significantly reduce manual input, processes, and quality control.



### Safer

Heightens ID validation and fraud prevention in three steps:

1. Knowledge-Based Authentication
2. Credential Analysis
3. Notarial Review

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## THE RON PROCESS

### An efficient signer experience

Signer receives email with docs

Signer validates their identity

Signer meets notary in video meeting

Completed docs sync to portal



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THE RON PROCESS - IDENTIFICATION

Security questions tailored to your signer

Knowledge-Based Authentication (KBA) uses third-party public records databases to design challenge questions only your signer can answer



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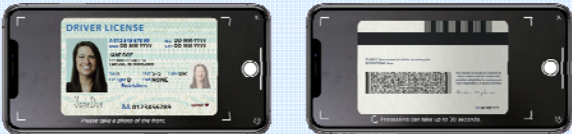
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THE RON PROCESS - IDENTIFICATION

Credentials captured and analyzed instantly

Credential Analysis uses proprietary software to validate signer identity and weed out fraudulent IDs before they ever reach the notary.



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THE CURRENT STATE OF RON

- Title Insurance Underwriters
- Title agents
- Real Estate Agents
- Lenders
- Secondary Market/Investors

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## RON PORTALS APPROVED IN MD

- Blend Labs, Inc
- Digital Delivery, Inc.
- DocuSign
- DocVerify
- eNotary Log, LLC
- Epic River Healthcare, Inc.
- KYS-Tech, Inc.
- Nexsys Technologies, LLC
- Notarize, Inc.
- Notary Cam
- OnlineNotary, Inc.
- Pavaso
- SIGNIX
- Simply Sign, LLC
- Stavvy, Inc.

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## HOW TO PREPARE FOR RON

- Analyze your technology and telecom capabilities
- Research the RON companies
- Talk to your biggest clients to see who they are aligning with
- Seek information from your underwriters
- Seek information from your production software provider about integrations with portals
- Educate your processing team and sales team
- Prepare to modify your workflows
- Educate your customers

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## WHAT YOU NEED TO KNOW PRIOR

- Understand the training offered
- Understanding the support offered
- How much control the portal gives you
- How your referral partners can participate
- How your production software can integrate with the portal
- This is a new industry and technology- be prepared for continuous evolution in the short term, mid term, and long term
- You may need several portal partnerships

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WHERE DOES THIS LEAD US?



*“The  
Future is  
**NOW**”*

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WHERE DOES THIS LEAD US?

QUESTIONS??

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THANK YOU!

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