A Lender's Guide to Choosing the Right Digital Closing Solution

snapdocs

Introduction

Lenders have recognized that digital closings can't be put on the backburner any longer. Not only do borrowers expect a digital experience, but digital closings are critical when borrowers aren't able to close in-person. Now, the industry is rushing to digital closing technology.

However, it's more confusing than ever for lenders to distinguish between all the digital closing solutions out there and choose the right one for their business. There's more options available, and more technology companies are constantly entering into the space.

At a glance, every digital closing vendor appears the same. They offer features that you need for a digital closing, like eSigning, eNote, and eNotarization. Many even promise the same results, like more efficient closings and a better borrower experience. So, how are you supposed to tell them apart? Which one will truly help you close more loans, lower your costs, and deliver the modern experience your borrowers expect?

This guide will help you select the right digital closing solution. You'll learn what a successful digital closing program looks like and the real-world results to expect from serious vendors. You'll also get a framework for easily categorizing solutions and understanding their differences, actionable lists, and advice from lenders who have been in your shoes.

Table of Contents

01
Digital Closing Terms and Definitions

Understanding the terminology that's used when talking about digital closings is incredibly important. When talking to vendors, it's crucial that you align on the terms that are used and what they mean. In fact, this is one of the first things that you should do when working with digital closing providers.

Clarifying these terms can prevent misunderstandings, and you'll know the vendor can support the types of digital closings that you want to provide. For example, "What does a hybrid mean to vendor A, compared to vendor B? Are they talking about a hybrid with an eNote? RON?" asked Todd Burton, Director of Process Development at Allied Mortgage Group.

Otherwise, Burton explained, "It's very easy to believe that you're heading down one path, like thinking I'm doing a full remote online closing implementation, only to find out that what vendor A calls an eClosing has actually nothing to do with a remote closing and is only a hybrid closing."

Here are the digital closing-related terms that are used in the industry and what they mean.

Types of Digital Closings

	WET	HYBRID	eCLOSINGS
COMPONENTS	Document preview	Document preview	Document preview
		eSigning eNote (optional)	eSigning eNote eNotarization IPEN or RON
	eRecording (optional)	eRecording (optional)	eRecording
PAPERWORK	Pen & paper	Pen & paper and electronic	Electronic
CLOSING APPOINTMENT	In-person	In-person	In-person or remote

Digital closing	A mortgage closing that has one or several digital components included in the process. At least some or all of the closing process is digitized. Wet closings, hybrid closings, and eClosings are all types of digital closings.
Wet closing	In a wet closing, all of the loan documents are printed on paper and signed and notarized in ink. The workflows around the closing are digitized, and the borrower can preview their documents before going to their in-person closing appointment. The documents that need to be recorded with the county can be sent via courier or mail. They can also be scanned and electronically recorded with the county.

Hybrid closing	In a hybrid closing, some of the loan package is signed or notarized in ink, while the rest is electronically completed. The documents that are wet-signed versus electronically signed are usually dictated by the lender or investor's preferences. The borrower either electronically signs some of the documents before showing up to their closing appointment or they electronically sign those documents at the closing table. If the borrower electronically signs some of the documents prior to their closing appointment, they will only need to wet-sign the remaining documents when they're at the closing table. In a hybrid closing, the promissory note can either be signed on paper or digitized and electronically signed as an eNote. Because hybrid closings always have some documents that are wet-signed, they require an in-person closing appointment. The documents that need to be recorded with the county are either physically sent to the county recording office or they are electronically transferred and recorded.
eClosing	The closing process is digitized and the entire loan package is electronically signed and notarized in an eClosing. This includes the promissory note, which is known as an eNote when it's digitized. Because everything is done digitally, the closing appointment can happen either in-person or remotely via audiovisual technology. When completed, the necessary documents are electronically transferred to and recorded by the county.
Digital mortgage	A mortgage process that has any digital component. Any part of the mortgage process can be digitized, but the entire process does not need to be digital.
eMortgage	A completely digital mortgage process, spanning from the mortgage application to the sale of the loan in the secondary market. In an eMortgage, borrowers apply for their mortgage online and electronically sign the initial disclosures. When it comes to the closing, all loan documents are electronically signed, notarized, and recorded. This includes the eNote, which is electronically signed and stored in an eVault.
eSign	The act of electronically signing digital documents.

eNotarization	The act of electronically notarizing digital documents. Instead of a physical ink stamp and ink signature, a digital notary stamp and eSignature are used.
In-person electronic notarization (IPEN)	The act of conducting eNotarizations in-person.
Remote online notarization (RON)	The act of conducting eNotarizations remotely online. Instead of meeting in-person, borrowers and notaries connect digitally through audiovisual technology, like a webcam.
eNote	An electronic promissory note that is eSigned. eNotes must be registered on the MERS® (Mortgage Electronic Registration Systems, Inc.) eRegistry and stored in an eVault.
eRecording	The electronic transfer and recording of completed loan documents.
eVault	An electronic repository used to securely store and transfer electronic documents, most notably eNotes. An eVault is required for eNotes.

02
How to Define Digital Closing Success

Digital closings can benefit lenders in many ways. However, most lenders who implement digital closing technology don't realize those benefits or generate ROI. Who you choose as your digital closing provider largely determines how successful you'll be with digital closings. When considering your options, this is why it's important to evaluate digital closing providers on the real business results they've driven for their current clients.

Benefits of digital closings

Digital closings provide lenders, settlement agents, and borrowers with incredible value. They range from decreased errors to greater visibility into the closing. These benefits help lenders ultimately close more loans, reduce their cost per loan, and delight borrowers.

Let's break down each of these benefits so that you can understand how the digital closing technology you choose should help you achieve these results.

Close more loans

Digital closings automate and digitize the manual, slow, and paper-based processes that run throughout the industry. These efficiencies add up so that lenders can close and fund loans faster, which enables them to close more loans and confidently handle surges in loan volume.

Instead of mailing paper back and forth, documents can be instantly transferred and shared when you use digital closing technology. For example, lenders can share the executed eNote with an investor or warehouse lender. Settlement agents can also immediately transfer the completed closing package to lenders.

The closing itself is much more efficient. Borrowers can review their closing package, ask questions, and eSign about 75% of the documents before their closing appointment. Instead of taking an hour, the closing appointment lasts just 15 minutes or less. This is because the borrower already understands the documents they're signing, has gotten their questions answered, and has signed most of the paperwork beforehand.

With the right technology, lenders can even streamline their entire closing process, regardless of the type of closing that's being done. Digital closing technologies that offer one standardized process for all types of closings — wet closings, hybrid closings, and eClosings — centralize communication, documents, and workflows. Since closers follow the same workflow for all types of closings, they can work more efficiently.

Lastly, digital closings create more work for lenders and settlement agents, who have to sort and tag documents for hybrid and eClosings. Digital closing technology can automate this work, so lenders and settlement agents don't have to take on extra work in order to offer digital closings.

Reduce cost per loan

Digital closings enable lenders to save money in many ways. Since lenders are able to close and fund loans faster with less staff, they can lower their cost per loan. Lenders also save money by eliminating printing and shipping costs.

By having instant access to completed documents and electronically transferring and sharing files, lenders can turn their credit lines faster. Instead of mailing the note to your warehouse lender, you can instantly share it with them as soon as it's been completed. As a result, lenders can save money on interest and fees.

Since digital closings eliminate the need to download, print, scan, and mail documents, lenders are able to move employees from manual, task-based roles to ones that help grow the company. Evergreen Home Loans used to have four funding assistants who would scan the completed package and recycle all of it, except for the paper note. This amounted to about $170,000 in annual staffing costs. Since implementing digital closings, they've been able to repurpose those assistants, bringing them up in the organization and turning them into funders.

Digital closings also reduce costly document and signing errors. Incorrect information in the closing documents often prevent borrowers from signing at the closing table. Even when the closing is completed, there may be missing signatures or notarizations that aren't caught until the closing package has been returned to the lender or settlement agent. In both of these cases, another closing appointment needs to be scheduled, which costs everyone more money and time.

Delight borrowers

You can do just about anything online these days, from buying groceries to depositing a check. To conduct important financial transactions, you no longer have to go into an office and meet a bank teller or a loan officer. However, mortgage has lagged behind all other financial services in this shift to digital. As a result, borrowers are disappointed when they're unable to eSign closing documents and inconvenienced when they need to travel to the title office for their closing.

With digital closings though, you can offer borrowers the modern, convenient, and stress-free closing experience that they expect and deserve. By increasing borrower satisfaction, digital closings also help drive more repeat and referral business.

Digital closings solve many of the pain points that borrowers experience during the closing. Instead of seeing their closing documents for the first time at the closing table, borrowers can review their documents ahead of time. Rather than feeling stressed and rushed during the closing, borrowers come to the closing table confident in the documents they're signing. If borrowers are able to eSign some of the documents prior to the closing, there's even fewer pages that they need to sign in-person. When borrowers aren't able to appear for an in-person closing or when they prefer not to, digital closings offer convenience and enable them to still close on time.

Sheri Nedley, SVP of Capital Markets and Operations at The Mortgage Firm, described, "Our borrowers are very happy with the [hybrid closing] process. They liked the fact that they can fully preview the package ahead of time and ask any questions. They liked the fact that they have the option to turn it into — they can actually click a button and turn it into a wet-sign if they don't feel comfortable eSigning, or they can go ahead and eSign, which again, saves them time sitting at the table."

All of this results in higher customer satisfaction, which can increase the amount of repeat and referral business that your company gets. By creating happy borrowers, you can win their future business and create advocates who will share their experience with others.

Measurements of success

Understanding the benefits of digital closings and working toward achieving them is just the first part of making sure that you succeed with digital closings. Without establishing concrete metrics, you won't be able to measure the exact business value that digital closings are creating, beyond some anecdotal evidence.

"Don't get distracted by digital closings. It's actually a means to an end. Ultimately, what you're driving toward are business improvements around the accuracy of documents, the consumer experience, expedience, transparency, ease of funding, shortening time frames," explained Aaron King, Founder and CEO of Snapdocs.

These improvements can all be measured by establishing initial benchmarks before you implement digital closings and then seeing how digital closings affect those metrics. King advised lenders to take this approach. "As you roll out digital closings, measure those business results, as opposed to some of the softer tactics I've seen people gravitate toward that aren't as tied to real world results."

There are multiple metrics that you can track to measure the effectiveness of digital closings. Here are six metrics that encompass most of the benefits of digital closings, along with the results that other lenders have seen. Use these metrics as a starting point and as examples of what to expect from digital closings.

Percentage of total loan volume closed as hybrid closings or eClosings

If digital closings only make up a small percentage of your total loan volume, you won't see ROI. Yet, that's the situation that most lenders find themselves in once they've implemented digital closing technology. They struggle to digitize the majority of their closings.

Success with digital closings means that a lender is able to close the majority of their loans as hybrid closings or eClosings. Lenders like Evergreen Home Loans and The Mortgage Firm are, in fact, closing 70% or more of their total loan volume as hybrid and eClosings. By doing digital closings at that scale, they're able to experience massive efficiency gains that enable them to close more loans.

Loans closed with the same headcount, before and after implementing digital closings

Since digital closings automate a lot of the manual tasks that your team needs to do, you're able to increase the closing capacity of your team members. "We did see a direct impact where I didn't have to have staff sitting at a copier or scanner, converting a paper closing package back into digital. So, you can have your staff doing more high value jobs," said Tamra Rieger, COO at Evergreen Home Loans.

Before you implement digital closings, look at how many loans are closed with the number of employees that you currently have. After implementing digital closings, come back to this metric and see if you've been able to close more loans with the same headcount.

While the number of loans closed per employee will still vary, you should see an increase in closings across the group. With digital closings, you can expect to close 10% or more loans without having to hire more employees.

Multiple lenders have seen their teams close more loans after adopting digital closings. In 2019, The Mortgage Firm closed 13.3% more loans with the same amount of employees. At the time, this was the highest volume they had processed. Similarly, Tom Knapp, CIO of Waterstone Mortgage, said, "We've handled our highest volume of mortgages to date in 2020 — an over 40% year-over-year increase — without additional team members, and during a global pandemic, in large part due to Snapdocs."

Days it takes to close and fund a loan, before and after implementing digital closings

In September 2020, the average time to close a loan increased to 51 days. This is more than the typical 30 to 45 days that borrowers expect. Through automation and the elimination of paper, digital closings give lenders the power to decrease this time significantly.

Lenders can also expect a faster funding process. "The other piece is the efficiencies that we picked up with funding and our back-end process of having the loan all ready to ship out," added Scott Alexander, Director of Operations at Assurance Financial.

By receiving the completed documents immediately after the closing has occurred, lenders can fund the same day as the closing or even within a few hours after the closing. Alexander described their process as "now funding doesn't have to sit and wait for an email from title or a phone call from title to say, 'Hey, here's our funding documents. Can we get a funding number?'"

Since the completed documents are automatically pushed into Assurance Financial's LOS, Alexander explained, "When the document goes into the folder, it automatically pops that loan into the pipeline view and our funders can see real time. As those documents come in, they'll open up the loan and review the documents. So, we've seen our funding actually speed up where title's getting funding authorization much sooner than they were before."

Referrals and repeat customers, before and after implementing digital closings

Lenders can use digital closings to create the celebratory ending to the mortgage process that borrowers expect. You'll certainly want to track borrower satisfaction to confirm that digital closings are providing borrowers with a better closing experience. However, that's just the starting point.

High customer satisfaction should translate into more referrals and repeat customers, and this is what you should ideally be measuring. While there are many factors that go into a borrower's selection of a lender, recommendations play a big role. One in five customers said they chose their mortgage lender based on recommendations from a friend, family member, or colleague. If it's difficult for you to measure this, you should still hear more stories of referrals and repeat business.

Assurance Financial has received not only great feedback from their borrowers, but they've also been able to tie digital closings to repeat business. Alexander shared an example of an engineer in Lafayette, Louisiana who said, "This is my fifteenth mortgage. I was in and out of the title company in 15 minutes. I didn't have any hand cramps." That customer immediately called his friends and told them that they should refinance with Assurance Financial.

Then, "About a week later, the loan officer said, 'Hey, two more loans from my engineer buddy. This digital closing is great.' So, not only was it a good customer experience, it led to repeat business for that particular loan officer," explained Alexander.

Errors in post-closing, before and after implementing digital closings

Digital closings provide multiple ways to decrease errors throughout the closing process. All parties have opportunities to catch mistakes earlier, and digital closing technology ensures that some mistakes can't be made. This results in far fewer errors that show up in post-closing.

Document preview gives borrowers the opportunity to review their documents before the closing and point out mistakes, like misspellings and incorrect loan information. This reduces errors that surface at the closing table by 80%.

Knapp shared how one borrower identified an error with how the borrower's name was presented on the documents. "The borrower identified the issue quickly after reviewing the documents in the Snapdocs portal. He made us aware of the discrepancy and we were able to reissue the updated documents immediately through the portal." When it was time for the closing appointment, "The closing took 15 minutes or less, and the settlement agent — this was our very first hybrid close — came back and said this was incredibly easy. The borrower was elated, and obviously our closing team was elated because we identified the issue prior to the actual closing," said Knapp.

Also, eSigning and eNotarization technology guides participants to fill in any empty fields and sign and notarize where needed. The closing can't be completed in the digital closing solution without all empty fields being filled in.

Feedback from closers, borrowers, settlement agents, and referral partners

It's important to look at quantitative metrics, but there's some measurements of success that numbers can't capture. This is where you'll want to look at qualitative feedback.

The most important qualitative measurement is feedback from the parties who are affected by digital closings. Among the many parties impacted by digital closings, you'll want to look specifically at closers, borrowers, settlement agents, and your referral partners. If you've succeeded with digital closings and chosen an effective solution, feedback should be positive across the board.

This was echoed by Burton, who said, "Feedback has been uniformly positive, and we don't always get the chance to say that. I've rolled out many different technologies over the years at Allied, and it's rare that you can please everybody. But, this [digital closings] has been uniformly positive from the LO perspective, from the borrower perspective, the title company perspective, processing, closing, post-closing — all different parties that this affects. The feeling has been it's really positive."

“I’ve rolled out many different technologies over the years at Allied, and it’s rare that you can please everybody. But, this [digital closings] has been uniformly positive from the LO perspective, from the borrower perspective, the title company perspective, processing, closing, post-closing — all different parties that this affects. The feeling has been it’s really positive.”

Todd Burton
Director of Process Development
at Allied Mortgage Group

03
Why Digital Closing Initiatives Fail

To succeed with digital closings, it's important to first understand why lenders often fail with digital closings. The eClosing technology that you choose can help you avoid these pitfalls and even see business results quickly.

Inefficient processes

When lenders have multiple processes for wet closings, hybrid closings, and eClosings, this creates inefficiencies that prevent them from scaling digital closings and getting ROI. These inefficient processes are confusing, create more work, and slow down your team.

When Allied Mortgage Group first dipped their toes into hybrid closings in 2017, they experienced firsthand the problems that multiple processes create. At the time, they had one closing process for wet closings and another for hybrid closings. They had to work with two document providers and maintain two sets of documents. This process "required closers to navigate to another portal to review or take additional steps to complete documents before sending them," said Burton.

He further explained, "We look at mortgage production in many ways like an assembly line, and disruptors are bad in an assembly line. We introduce a bunch of variables that a closer would need to identify, and then if they were able to identify a property, they'd have to shift into a different workflow. Every disruption that we throw in there is just an opportunity for a mistake — not to mention the inefficiencies that it causes, and it slows people down."

Having multiple processes also means you're sending and receiving files in different ways. For example, you may send documents to settlement via email for some closings, while settlement agents can download documents through an online portal for other closings.

Communication is also scattered across different channels. When you're communicating over email, phone, and an eClosing platform, it's easy to lose track of information or miss an important message.

All of these inefficiencies and problems are exacerbated when there's a surge in loan volume. When your team is rushing to close loans before the end of the month, the last things they need are more steps in their workflow and more complexity.

Lack of settlement adoption

One of the biggest challenges that lenders face when implementing digital closings is settlement adoption. All your settlement partners need to adopt the digital closing technology and adapt their workflows. This is difficult enough when you work with hundreds or thousands of settlement agents, but it's even more difficult when you can't always choose the settlement agent that you work with.

Successful settlement adoption is critical to doing large volumes of digital closings. If your settlement partners don't adopt, they'll introduce paper back into the process. Settlement agents often continue to print out the closing package and have the borrower wet sign all the documents, despite borrowers eSigning some of the documents before their closing appointment. This is confusing and creates more work for you and borrowers. Not only do borrowers have to sign their documents again, but you'll also receive a paper package back that needs to be scanned into your systems.

Lenders struggle with settlement adoption because most digital closing technology is only built for lenders — not settlement. Settlement agents' needs and user experience aren't taken into consideration when eClosing tools are designed and built. Most eClosing technology requires settlement agents to manually annotate their documents or makes it difficult to coordinate a notary for the closing. As a result, digital closing technology often adds more steps to a settlement agent's process, makes it more difficult for them to get their job done, and isn't easy to use.

When digital closing technology doesn't provide value to settlement, there's no reason for them to adopt — no matter how hard you push settlement agents to do so.

Limited volume of digital closings

Lastly, digital closing initiatives fail when lenders aren't able to do digital closings at scale. When digital closings make up a small portion of all your loans, you won't see the tremendous efficiency benefits that digital closings offer. Also, when you can't consistently offer a digital closing experience, you may end up disappointing borrowers.

There's a few things that prevent lenders from scaling digital closings:

- Lack of internal adoption
- Lack of settlement adoption
- The realization that the digital closing technology creates more work
- The digital closing technology doesn't support all closing types or 100% of your volume

You can avoid these roadblocks though by looking for a digital closing solution that has certain qualities and capabilities.

04
Different Types of Digital Closing Technology

There's lots of confusion around what classifies as digital closing technology, since it's easy to think anything digital used for the closing is considered digital closing technology. This isn't the case though. To achieve digital closings, it's important to understand whether the technology you're considering will get you there.

Below, we've broken down the main types of digital closing solutions, their pros and cons, and software that's often mistaken as digital closing technology. With this framework, you can easily understand the differences between digital closing technologies on the market and figure out which ones will work best for your business.

Three main categories of digital closing technology

As the number of digital closing offerings increases, it can be difficult to differentiate them. Based on their characteristics, most solutions can be placed under one or more of the following three categories: secondary focus products, add-on closing tools, and comprehensive digital closing solutions.

SECONDARY FOCUS PRODUCTS	ADD-ON CLOSING TOOLS	COMPREHENSIVE DIGITAL CLOSING SOLUTIONS
• Expanded into closings, but it's not their primary capability or area of expertise • Have an existing integration with their core product	• Offer one or just a few components needed for digital closings • Create more work, processes, and systems	• Support all types of closings: wet, hybrid, and eClosings • Digitize the workflows around the closing • Solve underlying problems and inefficiencies in the closing process • Improve the closing process for lenders, settlement, and borrowers • Offer robust features for lenders, settlement, and borrowers

Secondary focus products

With the increased interest in digital closings, companies that specialize in other parts of the mortgage process are beginning to build digital closing technology as a way to capture more business. Because these companies have been focused on serving other parts of the mortgage process, like origination or document generation, they aren't experts in the closing. Digital closings are a secondary focus for them.

Although the closing isn't their strong suit, they can better integrate with your existing systems if you already use them for their primary product. The benefit of this is easier integrations and potentially fewer technical issues.

If you aren't already using the vendor for its primary purpose, there's a risk that you'll need to switch. For example, if the digital closing technology you've chosen doesn't work with your document provider, you'll need to either choose another digital closing solution or switch to another document provider. This is costly and time-consuming.

Add-on closing tools

Add-on closing tools can act as a quick fix to get your company started with digital closings. These tools do one or more components of digital closings really well, like eNote or RON. However, because they typically specialize in a certain part of digital closings, you'll need to put together multiple tools in order to offer eClosings.

The benefit of add-on closing tools is you can get the best-in-class option for all of the different components that are needed for digital closings. You can implement the best RON technology or the best eSigning tool. This is tempting, but when you think about how to implement these multiple tools, there's a tremendous amount of work needed and it can result in a disjointed closing process.

Adding these tools to your current process creates more work and steps for your team. All of these different tools need to integrate with each other and your core systems. If there aren't integrations available, you'll have to manually move documents and information between the different technologies. By cobbling together multiple tools, you end up having to juggle different workflows and technologies.

Putting together multiple add-on closing tools also impacts the borrower's experience. When borrowers have to use one tool to eSign and another tool for their remote closing appointment, they experience a confusing and complicated closing. If you have the engineering resources, you can bring all of these tools into a single portal for borrowers. You'll just need to weigh whether the cost of doing so is worth it.

Comprehensive digital closing solutions

Since eClosings haven't been adopted by all stakeholders, lenders have to be able to support and manage all types of closings: wet, hybrid, and eClosings. Comprehensive digital closing solutions offer a single standardized process for any type of closing. This creates enormous efficiencies for lenders, since closers don't have to manage multiple processes, documents are sent to and received from settlement in the same way, and all communication happens in a central platform.

Comprehensive digital closing solutions not only support all types of closings, but they also connect all closing participants, offer robust tools for all parties, and even digitize the processes around the closing. Lenders, settlement, and borrowers all benefit when using this type of digital closing technology. They get visibility into the progress of the closing and are able to complete their part of the closing more efficiently.

With a comprehensive digital closing solution, you're not just getting tools for document preview, eSigning, eNote, and eNotarization. You're also getting automated and digital workflows that reduce manual and time-consuming tasks, like data entry, printing and scanning documents, and sending emails. Jan Valencia, Residential Mortgage Systems Project Manager at KS StateBank, realized how important the digitization of the workflows around the closing is. “When we first started looking at eClosing capabilities, I realized that it was a bigger need for the whole digital solution, where it wasn’t just about eSigning, but it was also about the workflow around that,” she said.

The qualities of comprehensive digital closing solutions all work together to deliver operational efficiencies to lenders and settlement companies, while also creating a quick and easy closing experience that borrowers love.

“When we first started looking at eClosing capabilities, I realized that it was a bigger need for the whole digital solution, where it wasn’t just about eSigning, but it was also about the workflow around that.”

Jan Valencia
Residential Mortgage Systems Project Manager
at KS StateBank

Technology that is often confused with digital closing solutions

There are two types of technology that are often mistaken as digital closing solutions: eSigning technology and closing collaboration rooms. Both address only a portion of the entire closing process. By themselves, eSigning technology and collaboration rooms won't provide a digital closing.

eSigning technology

While eSigning is a key component in hybrids and eClosings, eSigning technology by itself doesn't equal a digital closing or mean that the vendor can execute a digital closing. eSigning is just one component that's needed for an eClosing.

Companies often make the mistake of thinking that if they have eSigning technology, they have digital closing technology. In most cases, they are only using eSigning for initial disclosures. They haven't leveraged eSigning for the final closing package and are missing other digital tools for the closing process.

When researching technology options, look at eSigning technology as only part of the entire digital closing equation.

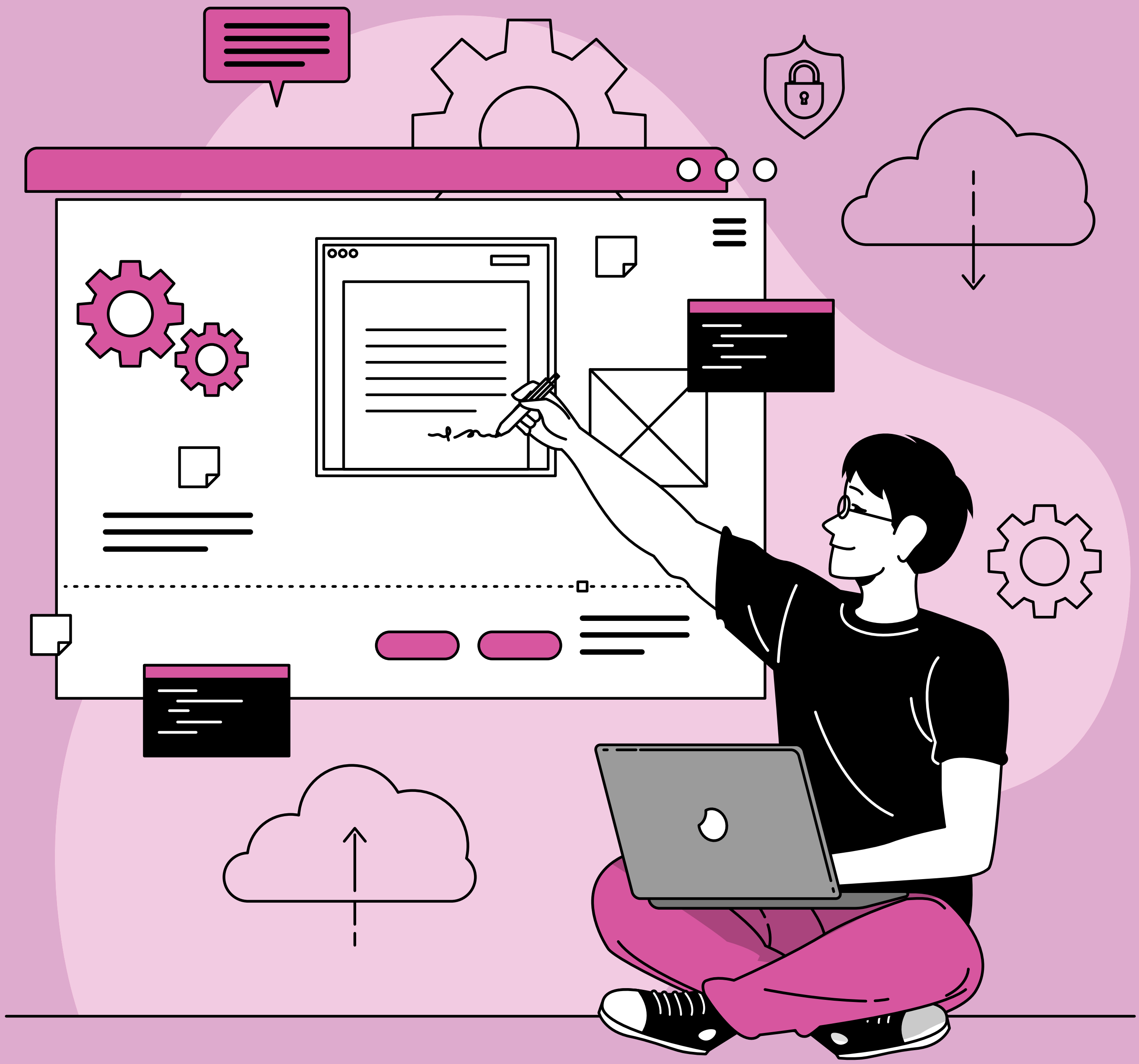
Closing collaboration rooms

Serving as a central workspace for parties involved in the closing, collaboration rooms create a secure place for lenders and settlement companies to transfer and manage documents and data. Document management and sharing is just one part of a mortgage closing though.

These digital rooms are also often built for just lenders and settlement companies — not borrowers. There may be tools like chat functionality, audit trails, and secure document exchange, but these tools are geared toward streamlining and bringing transparency to the closing for lenders and settlement. Closing collaboration rooms leave out features that are necessary for borrowers to have a digital closing experience, like document preview and eSigning.

05

What to Look For in Digital Closing Technology



When vetting digital closing providers, you should always consider them through the lens of the business results that your eClosing solution should drive and how they can help you avoid common points of failure. By looking at vendors in this way, you can map capabilities and qualities to the end results you're working toward and what's needed to ensure successful adoption. Finding a digital closing solution that meets most, if not all, of the following criteria will put you on the path to digital closing success.

For improving the borrower experience

Document preview

Borrowers can electronically review their documents before the day of their closing. This provides them with an opportunity to ask questions and spot document errors before getting to the closing table.

eSigning

Borrowers can electronically sign their documents, which is much faster than wet signing documents.

eNote

Borrowers can electronically sign the promissory note.

In-person electronic notarization

Borrowers can electronically complete the notarized documents in-person. Although borrowers will still have an in-person closing appointment, IPEN reduces the amount of paper and ink signing.

Remote online notarization

Borrowers can remotely complete the notarized documents online. This enables them to conveniently close from almost anywhere in the world.

Customizable eSign policy

Borrowers can eSign on the day of the closing or days in advance. By giving borrowers some flexibility on when they eSign non-notarized documents, borrowers are more likely to eSign. When borrowers are constrained to eSigning on the day of the closing, only 60% of them eSign. When this restriction is removed, lenders see up to 90% of borrowers eSign.

Single sign-on

Borrowers can use one login for their entire mortgage experience. Instead of creating a new login for their mortgage closing, borrowers can use the same login they created for the mortgage application. This creates one seamless experience for borrowers that spans from the application to the closing.

Modern design

Borrowers enjoy a simple, intuitive user experience. Because borrowers aren’t interacting with digital closing technology frequently, it’s critical that the technology is easy to use and doesn’t require any training. “The top priority for us when we went in looking at digital closings was the member experience and what it looked like for them. We wanted to have a very simple and easy-to-understand signing room. Members come in and do a signing once. They don't do it every day, like the rest of us," said Sarah Endicott, Operations Manager at Credit Union Home Mortgage Solutions.

Chat

Borrowers, lenders, and settlement agents can communicate in one place. By consolidating communication, all parties are less likely to miss an important message and it's easier to keep everyone on the same page.

White labeling

Borrowers see your brand in the digital closing interface. Ensure that borrowers have a cohesive mortgage experience, with your brand at the forefront.

For streamlining your closing operations

All closing types

The digital closing solution supports wet closings, hybrid closings, and eClosings.

All closing documents

The digital closing solution supports all lender documents (standard and custom), title documents, and security instruments.

100% of loan volume

The digital closing solution supports all of your loan volume — no matter how the loan is closed. The digital closing provider doesn't place a limit on how many wet, hybrid, or eClosings you can process through their technology.

Automated document sorting and tagging

The digital closing solution automatically splits packages into wet-sign and eSign documents and tags them with eSignature fields. Other empty fields that need to be completed should also be automatically tagged. This capability should work for both lender and title documents.

Document quality control

The digital closing provider reviews the document sorting and tagging to ensure accuracy. If the provider doesn't provide any quality control, your team will need to take on this additional work.

eVault

The digital closing provider offers a turn-key solution to store, transfer, and register eNotes with MERS.

For rapid implementation

Settlement agent adoption

The digital closing solution is already adopted by most settlement agents. When the solution already has high settlement adoption, rolling out digital closings will be easier and quicker.

Notary adoption

The digital closing solution is already adopted by notary signing agents and attorneys, who can conduct RON eClosings and mobile in-person closings. When digital closing providers have an existing network of notaries and attorneys who are ready to conduct any type of closing, it's easier for settlement agents to adopt. Settlement agents also don't have to leave the digital closing solution in order to find an available notary or attorney.

LOS, document preparation, and POS integrations

The digital closing solution seamlessly plugs into third-party and custom software, including your core systems. When digital closing providers are able to integrate with any LOS, doc prep provider, and POS, you have the flexibility to change your tech stack at any time and get the best-in-class option for each type of technology. These integrations automatically transfer data and documents between multiple systems so your team doesn't have to copy and paste information. Plus, borrowers can use the same login that they created for your POS system to also log into the digital closing solution.

For security, compliance, and accessibility

Audit trail

The digital closing solution automatically logs key actions taken by each party on a closing. This ensures accountability and gives lenders visibility into what happened on a closing transaction.

MISMO certified

The digital closing solution meets MISMO's eClose standards.

ADA compliant

The digital closing solution meets ADA accessibility standards.

SOC II compliant

The digital closing solution meets SOC II security standards.

CFPB compliant

Lenders can pass fees onto borrowers, in compliance with the CFPB/TRID.

GSE/GOV approved

The digital closing solution is approved by Fannie Mae, Freddie Mac, and Ginnie Mae.

Underwriter acceptance

The digital closing solution is accepted by your title underwriters.

For digital closing experience

Mortgage industry experience

The digital closing provider understands the nuanced requirements of the mortgage industry. Since the mortgage industry is complex and has its unique challenges, you want a vendor who is already familiar with the industry. For Allied Mortgage Group, this was extremely important. "I find often when you're talking and working with technology companies, they may have a high level understanding of the mortgage process. But, then when you get down to the details that all of us in this business know are important, they seem to kind of not really be aware," said Burton.

Mortgage closing focus

The digital closing provider's core company focus is on the closing. If the provider's primary focus isn't the closing, this can result in infrequent product development, limited support, and few resources that will be dedicated to digital closings.

Successful customers

The digital closing provider has multiple lender clients who are closing the majority of their loans as hybrids or eClosings. By partnering with a provider who has a track record of success, you'll have a trusted guide who can help you succeed with digital closings too.

Printable List

A Lender's Checklist for Selecting the Right Digital Closing Solution

To generate real business results with digital closings, lenders need a digital closing solution that meets most, if not all, of the following criteria.

Improve the borrower experience

- ☐ **Document preview:** Borrowers can review their documents prior to the day of the closing
- ☐ **eSigning:** Borrowers can electronically sign their loan documents
- ☐ **eNote:** Borrowers can electronically sign the promissory note
- ☐ **In-person electronic notarization (IPEN):** Borrowers can electronically complete the notarized documents in-person
- ☐ **Remote online notarization (RON):** Borrowers can remotely complete the notarized documents online
- ☐ **Customizable eSign policy:** Borrowers can eSign on the day of the closing or days in advance
- ☐ **Single sign-on:** Borrowers can use one login for their entire mortgage experience
- ☐ **Modern design:** Borrowers enjoy a simple, intuitive user experience
- ☐ **Chat:** Borrowers, lenders, and settlement agents can communicate in one place
- ☐ **White labeling:** Borrowers see your brand in the digital closing interface

Streamline your closing operations

- ☐ **All closing types:** Supports wet closings, hybrid closings, and eClosings
- ☐ **All closing documents:** Supports standard docs, custom docs, title docs, and security instruments
- ☐ **100% of loan volume:** Supports all of your loan volume — no matter how the loan is closed
- ☐ **Automated document sorting and tagging:** Automatically splits packages into wet-sign and eSign documents and tags them with eSignature fields
- ☐ **Document quality control:** Reviews document sorting and tagging to ensure accuracy
- ☐ **eVault:** A turn-key solution to store, transfer, and register eNotes with MERS

Rapid implementation

- ☐ **Settlement agent adoption:** Adopted by most settlement agents
- ☐ **Notary adoption:** Adopted by notary signing agents and attorneys, who can conduct RON eClosings and mobile in-person closings
- ☐ **LOS, document preparation, and POS integrations:** Seamlessly plugs into your core systems

Security, compliance, and accessibility

- ☐ **Audit trail:** Automatically logs key actions taken by each party on a closing
- ☐ **MISMO certified:** Meets MISMO's eClose standards
- ☐ **ADA compliant:** Meets ADA accessibility standards
- ☐ **SOC II compliant:** Meets SOC II security standards
- ☐ **CFPB compliant:** Allows lenders to pass fees onto borrowers, in compliance with the CFPB/TRID
- ☐ **GSE/GOV approved:** Approved by Fannie Mae, Freddie Mac, and Ginnie Mae
- ☐ **Underwriter acceptance:** Accepted by your title underwriters

Digital closing experience

- ☐ **Mortgage industry experience:** Understands the nuanced requirements of the mortgage industry
- ☐ **Mortgage closing focus:** Core company focus is on the closing
- ☐ **Successful customers:** Has multiple lender clients who are closing the majority of their loans as hybrids or eClosings

06
Questions to Ask

As you evaluate solutions, you'll surely ask lots of questions to help you figure out whether the provider can lead you to success. Aside from questioning the vendor though, it's important to talk to their current customers. A vendor's references can tell you a lot about what it's actually like to engage with them, challenges you'll likely run into, and whether the vendor can truly deliver business results.

To help guide you in your conversations, use the following questions to uncover whether a vendor has the capabilities and qualities listed in the previous chapter.

Questions to ask vendors

Support for all types of closings.

How many closings were processed through your solution last month? Break these down by the type of closing: wet, hybrid with a paper note, hybrid with an eNote, and eClosing.

Not only do you want to ask whether the vendor supports all types of closings, but it's also important to validate that by asking how many of those closing types are actually being processed. If they aren't processing substantial volumes of each type, it may suggest they don't have a strong product offering for all closing types or their clients are struggling with adoption.

Support for all your volume

Do you support 100% of our closings?

Besides supporting all closing types, the digital closing provider should allow you to process 100% of your closings through their solution. If they place any limits on the number of closings that you can do with them, this forces you to manage multiple closing processes. Having multiple processes is inefficient and prevents you from seeing ROI.

How many customers did more than our number of closings through your technology last month?

The digital closing provider should have some customers who are processing about the same or more loan closings as you. If the vendor doesn't have any customers who are putting that volume of closings through their technology, this is an indicator that they either don't support all of a lender's loan volume or lenders are having adoption problems.

Support for all documents

Does the solution support all documents for all closings, including lender docs (standard and custom), title docs, and security instruments?

Both lenders and settlement agents should be able to upload their documents to the digital closing solution and access completed documents. If the solution doesn't support this, you and your settlement partners will need to manage multiple ways of sending and receiving documents.

Can you automatically sort lender and title documents into wet-sign and eSign packages for hybrid closings?

Manually sorting documents creates more work for you and settlement. This prevents you from scaling digital closings, and all parties are disincentivized to follow through with digital closings. It's critical that your digital closing solution can automate this work for both you and your settlement partners.

Can you automatically tag lender and title documents for eSignature and eNotarization?

Tagging documents with fields for eSignatures and eNotarizations is a tedious and time-consuming manual task. Some vendors offer semi-automated solutions to this, like templates. However, these solutions require manual setup and maintenance. Nedley described The Mortgage Firm's experience with templates as, "It was ridiculously cumbersome." Instead, you want a completely automated way of tagging both lender and title docs. It's important that settlement's documents aren't left out of this. When settlement agents are able to upload and have their documents automatically tagged, they feel more ownership over the success of the digital closing. As a result, borrowers eSign 100% of the time.

Can you automatically tag radio dials, open text boxes, and dynamic fields?

If the digital closing provider can also tag other data fields on lender and title documents, this eliminates any manual tagging that your team or settlement agents will need to do. When you can completely automate the manual work that's needed to offer digital closings, you'll make internal adoption and settlement adoption much easier.

If the technology can automatically sort and tag documents, how long does it take?

Even if the provider can automatically sort and tag documents, it's important to understand whether this takes just a few minutes or several hours. The longer it takes, the more this will impact your workflow. You'll need to consider whether you and your settlement partners will have documents ready in time and how the time that it takes to sort and tag documents will affect when borrowers can view and eSign them. To prevent delays, the digital closing provider should have an established SLA for sorting and tagging documents.

Do you guarantee that documents are correctly sorted and tagged, or do we need to check them ourselves?

Whether the vendor provides semi-automated templates or fully automated sorting and tagging, this work needs to be double checked. The digital closing provider should take this off your plate and guarantee 99.9% accuracy or higher. Otherwise, your team and settlement agents will need to do this additional work, which makes it inefficient for you to conduct digital closings.

Can we update closing documents after we've already uploaded them?

There's many times where you'll need to replace uploaded documents in order to fix errors or add last-minute documents. Since this is a critical capability, you need to make sure that the digital closing provider supports this. You also need to understand what the workflow for this is and how easy it is to execute. If updating documents requires a lot of work, this can result in a lot of frustration for closers and settlement agents.

Support for all participants in the closing

Can lenders, settlement agents, notaries, attorneys, and borrowers all communicate through the solution?

Digital closing technology can streamline communication by bringing all participants together on one platform. "The idea that you can have one portal, one spot where whether it's the loan officer, or the processor, or the closer, the title company, the borrower can communicate together, that's really a key factor," said Burton. This can eliminate information getting lost in emails or situations where "you forget to copy somebody on an email for communication or a quick question." Instead of juggling emails, text messages, and phone calls, closers can work more efficiently when communication is consolidated.

What can lenders, settlement agents, notaries, attorneys, and borrowers see about the closing?

Digital closing technology can turn the closing process from a black box into a transparent process for all parties. If the solution automatically surfaces important information about the closing to everyone and keeps them in the loop, it can help reduce confusion and back-and-forth communication.

Does your product help settlement agents find and schedule qualified signing agents for mobile and remote closings?

Look for whether the digital closing provider offers a network of notary signing agents and attorneys who are qualified, credentialed, and actively using their product. By implementing a digital closing solution that's already used by signing agents, you'll help settlement agents work more efficiently. Settlement agents can find an available signing agent and coordinate the closing appointment without leaving the digital closing product.

Adoption with settlement and notaries

How many settlement agents used your tool last month?

While a digital closing product can have settlement users, what matters the most is how many of those users actively use the tool. If the product isn't being used by thousands of settlement agents each month, this is a sign of unsuccessful adoption. There's multiple reasons for a lack of adoption. It could be due to a poor user experience, the creation of additional steps for settlement, or even a lack of implementation support from the digital closing provider. You'll want to further understand this so you can get an idea of how easy or difficult settlement adoption will be.

How many mobile and remote notaries used your tool last month?

Similarly, it's important to know how many notaries are actively using the digital closing solution. The solution should be used by thousands of notaries across the entire country. When there's high adoption among notaries, the digital closing solution helps your settlement partners easily find a notary to complete any type of closing.

Borrower experience

Do borrowers have to create a new account for the closing?

By asking this question, you can learn whether the vendor offers single sign-on for borrowers. Single sign-on simplifies the mortgage experience for borrowers, since they can use one login across their mortgage application and closing.

Do borrowers have to eSign on the day of the closing appointment? Can they eSign before the day of the closing? Can we customize these eSign rules based on our preferences?

The digital closing solution should give you flexibility for setting when borrowers can eSign some of their documents prior to the closing appointment. Lenders can increase the likelihood of borrowers eSigning by allowing them to eSign before the day of the closing.

Compatibility with other systems

What LOS, POS, and document preparation providers do you integrate with?

The digital closing technology should absolutely integrate with your LOS, POS, and document provider. At KS StateBank, "Having it [digital closing technology] be compatible with our LOS and having it be able to use our current doc service provider was a must-have. We didn't want any disruption in some of our workflow," said Valencia. You should also get an idea of the number of integration partners the vendor has, since it'll give you more flexibility if you ever decide to change your LOS, POS, or document provider.

Do you have the ability to send the completed closing package back into my LOS for all closings?

If the digital closing solution can automatically transfer the completed closing package into your LOS, this creates additional efficiencies.

Otherwise, your team will need to manually download the completed package from the digital closing solution and upload it to your LOS.

Implementation

How long does it take to implement the technology?

Digital closing technology doesn't have to take years or even months to implement. In fact, The Mortgage Firm rolled out digital closings across all of their branches and settlement partners in just one month. If it takes a long time for the digital closing technology to be implemented, it may indicate that you'll need to dedicate a lot of internal resources or the technology is clunky.

What IT resources do we need for implementation?

Depending on what's needed for implementation, some digital closing solutions will require a lot of technical work and development while others will require minimal resources. If you don't have enough resources, expect a slow implementation. Digital closings don't have to take up a lot of your internal resources though, so you can also look for a solution that requires far less time and effort to implement. Burton described his experience as, "It's not a tremendous burden on your internal resources. You need a project leader and a few people to dedicate maybe five hours a week over a month and a half, including testing and training. But, you don't need a team of 15 engineers, IT, and 20 closers to get through it."

How long will it take for us to close 100% of our loans through your technology?

Although timelines will vary by lender, the vendor should be able to provide you with an average or a range for how long it takes to get to full adoption that's based on their current clients. Remember, you need to be doing digital closings at scale in order to realize their benefits. The faster you can digitally close all of your loans, the faster you'll see ROI.

How does your technology support the different county, state, and investor requirements?

Regulations and guidelines around digital closings are constantly evolving. You need to be able to meet all stakeholders' requirements in order to remain compliant. Check to see if the vendor will help you easily manage these different variations and stay on top of any changes.

Customer success

Of a lender's total loan volume, what percentage is being closed through your technology?

You want to know how much of a customer's loan volume is actually being processed through the vendor's technology. This is a measure of how successful the digital closing technology is. If their customers are only using the digital closing technology for a small percentage of their total loan volume, ask why. You won't get much value from digital closings unless you're doing them at scale, so it's important that the vendor has customers who are doing large volumes of digital closings.

Do you have any current customers I can talk to?

References are a powerful tool to leverage when evaluating new technology providers. Valencia emphasized the importance of reference calls to uncover what a vendor really offers. Not only do reference calls help you get an accurate idea of what it's like using the product, but you'll also be able to hear what it's like to work with the digital closing provider.

What kind of results can you guarantee?

Successful digital closing providers will be confident in the results they'll drive. This can include the percentage of hybrid and eClosings that will be eSigned by borrowers or how long it takes to digitize all of your closings. By looking for vendors who can guarantee outcomes and aren't afraid to commit to them in their contract, you'll hold them accountable for helping you succeed.

What support do you provide for lenders, settlement agents, and borrowers?

Digital closing providers will provide support for your team. However, they may not offer support for settlement agents and borrowers. If that's the case, your team will have to field questions and issues from settlement agents and borrowers. This creates additional work for your closers, so it's best to partner with a digital closing provider who helps your settlement partners and borrowers have a delightful and easy experience.

What resources do you provide to help us with internal adoption and settlement adoption?

The vendor should provide resources to help you implement the technology internally and roll it out to your settlement partners. If the vendor doesn't provide any resources to help you onboard settlement agents, you'll shoulder the responsibility entirely. Some lenders may not want to do this, as it can require a lot of resources that they don't want to divert from other areas of their business.

Long-term relationship and roadmap

What is your product roadmap for mortgage closings?

Who you choose to purchase from isn't just a vendor. They're a long-term partner whose roadmap and vision for the future will impact your business and your ability to keep up with the industry's digital transformation. "When we look for vendors, we look for people who are planning for the future and developing in a way that's gonna work for us and help us grow," said Endicott. Understanding how the vendor plans on continuing to improve mortgage closings will help you choose a partner that can help you achieve your goals.

Financial stability

What was your revenue last year? Last month?

As demand for digital closings increases, new vendors will enter the space. By asking about the vendor's revenue, you can avoid engaging with a vendor who may end up going out of business in the near future. You should also ask the vendor to break out their revenue by product. If their digital closing product isn't contributing to a significant portion of their total revenue, it's a sign that their digital closing product hasn't gotten traction yet. If they don't succeed with digital closings, the vendor may eventually decide to shutter that line of business. This would put you in a difficult position of having to find a new digital closing solution.

What was your gross margin? How do you think about sustainability?

Although a vendor may be generating revenue from their digital closing product, they may be selling it at a loss. This pricing strategy isn't sustainable. If the vendor isn't able to turn a profit eventually, they may decide to shut down their digital closing product.

Questions to ask customer references

What percentage of your closings are processed through the digital closing provider? How many closings do you put through them each month?

By asking references how many of their closings are processed through the digital closing solution each month, you can validate the vendor's answers. You should also follow up by asking how many of those closings are wet closings, hybrid closings, and eClosings. This helps you understand if the digital closing solution truly supports all types of closings.

How has the digital closing technology affected your workflow?

The reference's answer to this question will tell you a lot about whether the digital closing technology will disrupt your processes or if it's capable of seamlessly fitting into your processes. If the digital closing solution caused lenders to change their workflow or add more steps to it, this will make adoption more difficult.

Does the digital closing provider automatically sort and tag documents?

While you'll ask the vendor how they sort and tag documents, it's important to confirm this when talking to their customers. Sometimes, vendors may sell you on a capability that isn't actually available yet.

If the vendor automatically sorts and tags documents, how long does it take?

A vendor may tell you that it takes just a few minutes to sort and tag documents, but this might not be what their customers actually experience. By hearing from other lenders, you'll have an accurate view into whether the vendor can sort and tag documents in a timely manner or whether they aren't meeting the expectations of their customers.

If the vendor automatically sorts and tags documents, how accurate is the sorting and tagging?

If the vendor told you they'll double check the sorting and tagging, references should say that this is extremely accurate. If the vendor doesn't offer quality control though, the reference's answer will give you an idea of how accurate the vendor's technology is. If it isn't very accurate, be prepared to spend a lot of time double checking the documents yourself.

If the vendor automatically sorts and tags documents, what happens if the documents are changed or redrawn?

Some vendors can sort and tag updated documents, while others aren't able to. Even if the vendor can process the new documents for a closing, they may have restrictions on when they can do so. For example, they may only be able to sort and tag the new documents if they're uploaded at least a few hours before the closing appointment. Because you'll surely have to redraw documents for some closings, it's important to understand what the workflow for this is and whether you will need to manually sort and tag these documents yourself.

If the vendor doesn't QC the document sorting and tagging, what is the experience like for your team when reviewing the documents?

When the vendor doesn't double check the sorting and tagging, that responsibility lies on your team. In these situations, it's incredibly important that your team can easily review the sorted and tagged documents and make changes. If it's difficult or clunky to do so, this will further slow down your team.

How does settlement return the completed package to you?

Settlement agents might be able to send the completed package back to the lender through the digital closing solution, or they may be sending it back to lenders via email. Ideally, all documents should be transferred through the digital closing solution, including the completed files. If settlement agents are still sending documents through email, it's not efficient or secure.

How long did implementation take?

Similar to other questions, this one helps you confirm what the vendor told you is true. If the lender's implementation was slower or faster than what was expected, ask them why that happened.

Did the digital closing provider handle the LOS integration or did it require IT resources from you?

The integration between your LOS and the digital closing solution is a critical part of creating an efficient digital closing process. To make it as easy as possible for you, the vendor should take on the bulk of the work. If the vendor doesn't, you'll want to understand the amount of internal resources that are needed. It might be minimal. You might just need one IT person to spend a few hours to set up the integration. This was the case for Kevin Strika, VP of Operations at First Option Mortgage, who described, "Most of the Encompass setup, we actually got done in a single day." On the other hand, you might learn that you'll actually need your IT and engineering teams to spend several days or weeks to build the integration and set it up.

Has there been any unexpected manual work that your team has had to take on as a result of using this digital closing technology?

If digital closings create more work, it prevents lenders from scaling digital closings and getting ROI. The digital closing technology should be automating away manual work, instead of adding to it. If the reference has taken on unexpected work, ask them how this has impacted their success with digital closings. Usually, you'll find that lenders who are doing more work in order to offer digital closings are only doing a few digital closings.

How is the company's customer service and support?

Since digital closings are still new to the industry, you'll undoubtedly run into issues along the way. Your digital closing provider should work with you to overcome any challenges and fix any problems. It's hard to get a feel for how supportive and cooperative a vendor will be until you work with them, so this is where hearing from one of their customers will give you a lot of insight.

What feedback have you received from borrowers on the digital closing tool?

If the digital closing tool has been built with borrowers' needs in mind, the reference should have received positive feedback from their customers. Assurance Financial has seen borrowers talk about their closing experience more than ever in their reviews. "They don't talk about how easy it was to apply, which we have a fantastic digital application that's used. They talk about, 'Wow, it was so easy to sign my documents at the end,'" described Katherine Campbell, Chief Digital Officer at Assurance Financial.

What feedback have you received from settlement agents on the digital closing tool?

The digital closing tool can't just be easy to use for lenders and borrowers. It also has to be easy to use for settlement agents. Otherwise, you'll struggle with getting your settlement partners to adopt. If the technology is truly designed for settlement agents, the reference should echo Burton's experience, where "title companies have been coming back to us, giving us really positive feedback on the process."

How does your team, borrowers, and settlement agents like coordinating everything through the digital closing technology?

Coordinating among all the different parties is one of the difficult and inefficient parts of a mortgage closing. Digital closing technology can help streamline this by giving all participants more visibility into the closing and consolidating information and communication in one place. If the technology is indeed making the closing process easier, lenders, borrowers, and settlement agents should all enjoy using it.

45 Questions to Ask Digital Closing Providers and Their Customer References

Printable List

Digital closing technology can empower lenders to close more loans, reduce costs, and delight borrowers. Not all solutions deliver on these results though. Use these questions to uncover whether a vendor is the right partner for you and how successful their clients have been.

Questions to ask vendors

Support for all types of closings

- How many closings were processed through your solution last month? Break these down by the type of closing: wet, hybrid with paper note, hybrid with eNote, and eClosing.

Support for all your volume

- Do you support 100% of our closings?
- How many customers did more than our number of closings through your technology last month?

Support for all documents

- Does the solution support all documents for all closings, including lender docs (standard and custom), title docs, and security instruments?
- Can you automatically sort lender and title docs into wet-sign and eSign packages for hybrid closings?
- Can you automatically tag lender and title documents for eSignature and eNotarization?
- Can you automatically tag radio dials, open text boxes, and dynamic fields?
- If the technology can automatically sort and tag documents, how long does it take?
- Do you guarantee that documents are correctly sorted and tagged, or do we need to check them ourselves?
- Can we update closing documents after we've already uploaded them?

Support for all participants in the closing

- Can lenders, settlement agents, notaries, attorneys, and borrowers all communicate through the solution?
- What can lenders, settlement agents, notaries, attorneys, and borrowers see about the closing?
- Does your product help settlement agents find and schedule qualified signing agents for mobile and remote closings?

Adoption with settlement and notaries

- How many settlement agents used your tool last month?
- How many mobile and remote notaries used your tool last month?

Borrower experience

- Do borrowers have to create a new account for the closing?
- Do borrowers have to eSign on the day of the closing appointment? Can they eSign before the day of the closing? Can we customize these eSign rules based on our preferences?

Compatibility with other systems

- What LOS, POS, and document preparation providers do you integrate with?
- Do you have the ability to send the completed closing package back into my LOS for all closings?

Implementation

- How long does it take to implement the technology?
- What IT resources do we need for implementation?
- How long will it take for us to close 100% of our loans through your technology?
- How does your technology support the different county, state, and investor requirements?

Customer success

- Of a lender's total loan volume, what percentage is being closed through your technology?
- Do you have any current customers I can talk to?
- What kind of results can you guarantee?
- What support do you provide for lenders, settlement agents, and borrowers?
- What resources do you provide to help us with internal adoption and settlement adoption?

Long-term relationship and roadmap

- What is your product roadmap for mortgage closings?

Financial stability

- What was your revenue last year? Last month?
- What was your gross margin? How do you think about sustainability?

45 Questions to Ask Digital Closing Providers and Their Customer References

continued

Printable List

Questions to ask customer references

- What percentage of your closings are processed through the digital closing provider? How many closings do you put through them each month?
- How has the digital closing technology affected your workflow?
- Does the digital closing provider automatically sort and tag documents?
- If the vendor automatically sorts and tags documents, how long does it take?
- If the vendor automatically sorts and tags documents, how accurate is the sorting and tagging?
- If the vendor automatically sorts and tags documents, what happens if the documents are changed or redrawn?
- If the vendor doesn't QC the document sorting and tagging, what is the experience like for your team when reviewing the documents?
- How does settlement return the completed package to you?
- How long did implementation take?
- Did the digital closing provider handle the LOS integration or did it require IT resources from you?
- Has there been any unexpected manual work that your team has had to take on as a result of using this digital closing technology?
- How is the company's service and support?
- What feedback have you received from borrowers on the digital closing tool?
- What feedback have you received from settlement agents on the digital closing tool?
- How does your team, borrowers, and settlement agents like coordinating everything through the digital closing technology?

07
Advice From Your Peers

There's a growing number of lenders who are succeeding with digital closings. These lenders have been able to digitize all of their closings, close more loans faster, reduce their costs, and delight their borrowers. For lenders who are just getting started with digital closings, you can look to these peers for advice and insights. Their experiences can help you avoid common problems and guide you toward choosing the right digital closing solution.

Gather internal input

Digital closing technology has a lot of touch points within your company, and it should positively impact each role. To ensure the internal success of digital closings, it's crucial to get input from all levels of the company.

The importance of getting feedback from end-users

When KS StateBank first started looking at eClosing capabilities, Valencia said she had to make a spreadsheet with all the different capabilities since it was all so overwhelming. To help narrow down all the options, she created a user group that was made up of the company's closers and post closers. They determined the capabilities that were most important to them and would make the most impact on the company's closing process.

"The internal consideration was really where I first started looking and trying to decipher who had the efficiencies that we were looking for," said Valencia. What was important to KS StateBank's closers was if the vendor would move them into the full eClosing as it gets more widely adopted in the industry. On the other hand, the post closers cared about how quickly they could get the completed loan documents so they could sell the loan in the secondary market.

Many digital initiatives come from the top of a company, like the president or a C-level executive. While the people who steer the direction of your company need to recognize the importance of digital closings, it's the end-users of the technology who feel the most impact and will have to adopt the new technology. It's important to take these individual contributors and managers into consideration, as they can help you identify the biggest areas for improvement and provide clarity on what to prioritize.

Distinguishing between short-term vs. long-term needs

Even though it was important to KS StateBank that the current functionality of their future digital closing platform would work with the direction they were headed, they also wanted a partner that was forward-thinking and had a product roadmap. Recognizing that most companies wouldn't have everything they wanted, KS StateBank decided to break up their evaluation process into short-term needs and long-term needs.

As more stakeholders adopt and embrace technology for the closing, it's important for companies like KS StateBank to know that their vendor will still be able to keep up and provide the best tools as these changes happen.

In the short term, Valencia said they really looked at features that they could use on any loan and any geographic location. For the long term, their goal was to have full eClosing capabilities, such as eNotarization, eRecording, and eVault.

KS StateBank's goals for the long and short term can serve as a good jumping-off point for your company's unique needs.

Determining must-haves vs. nice-to-haves

With the internal feedback you've gathered, you'll probably end up with a decent wish list of what your company wants from digital closing technology. Your short-term and long-term needs can help you narrow down this list. You can also prioritize items on your wish list by figuring out which capabilities are needed to support your goals versus which ones simply sound appealing.

"You'll get a little bit of information from everyone. We probably talked to seven vendors. They are all really good, but they are all just a little different. You have to know what is important to you when you're talking to them. You need to know where your priorities are," said Rieger.

Without distinguishing between must-haves and nice-to-haves, you risk never being able to find the right solution.

“You’ll get a little bit of information from everyone. We probably talked to seven vendors. They are all really good, but they are all just a little different. You have to know what is important to you when you’re talking to them. You need to know where your priorities are.”

Tamra Rieger
COO at Evergreen Home Loans

Gather feedback from external partners

Collaboration between lenders and settlement is one of the most important aspects in a successful transition to digital closings. While settlement is the one who conducts the closing, both lenders and settlement are heavily involved.

The digital closing technology you choose will need to also be adopted by your settlement partners. Getting input from all of the settlement companies whom you work with can get messy and be difficult to manage.

Instead, select just a few of your partners to get feedback from. These partners can be the settlement companies whom you're closest with or whom you do the most business with.

Leverage the knowledge and experience that settlement companies have when you're looking at digital closing technology. Settlement agents can provide insights into the biggest pain points and areas for improvement in the closing. By getting input from your settlement partners and by selecting a solution that brings value to them, you can ease the adoption process.

When KS StateBank was choosing a vendor, Valencia said they talked to the five preferred settlement agents whom they work with and asked for their opinion.

Based on his experience working with lenders to roll out digital closings, Nathan Bossers, COO at Boston National Title, shared, "I'd like to be involved as early as possible, before the decisions are made on the [digital closing] platform. That's when I'm a settlement agent who's doing significant volume with a lender. If a lender is using me for two percent of their closings, I don't expect them to involve me in the conversation."

When lenders involve their settlement partners as early as possible in the process, Bossers said that this allows him to "give them [lenders] some input on what's been working and what has not been working for other lenders."

Even if you don't plan on involving your settlement partners in the evaluation and selection of the digital closing technology, giving settlement a heads up can help ensure that your partners have enough time and resources for a successful rollout. For example, Bossers described that when Boston National Title is involved late in the process, "They're [lenders] going to this [digital closings] next month, but now I've got to go out and train 8,700 notaries all across the country on how to do this."

Angie Ashton, Escrow Officer LPO at Chicago Title Insurance Company, said she runs into multiple systems that are either very complicated or only half working, which is frustrating and can cause a delay in fundings and unhappy clients. This was echoed by Bossers, who said that some systems are clunkier than others.

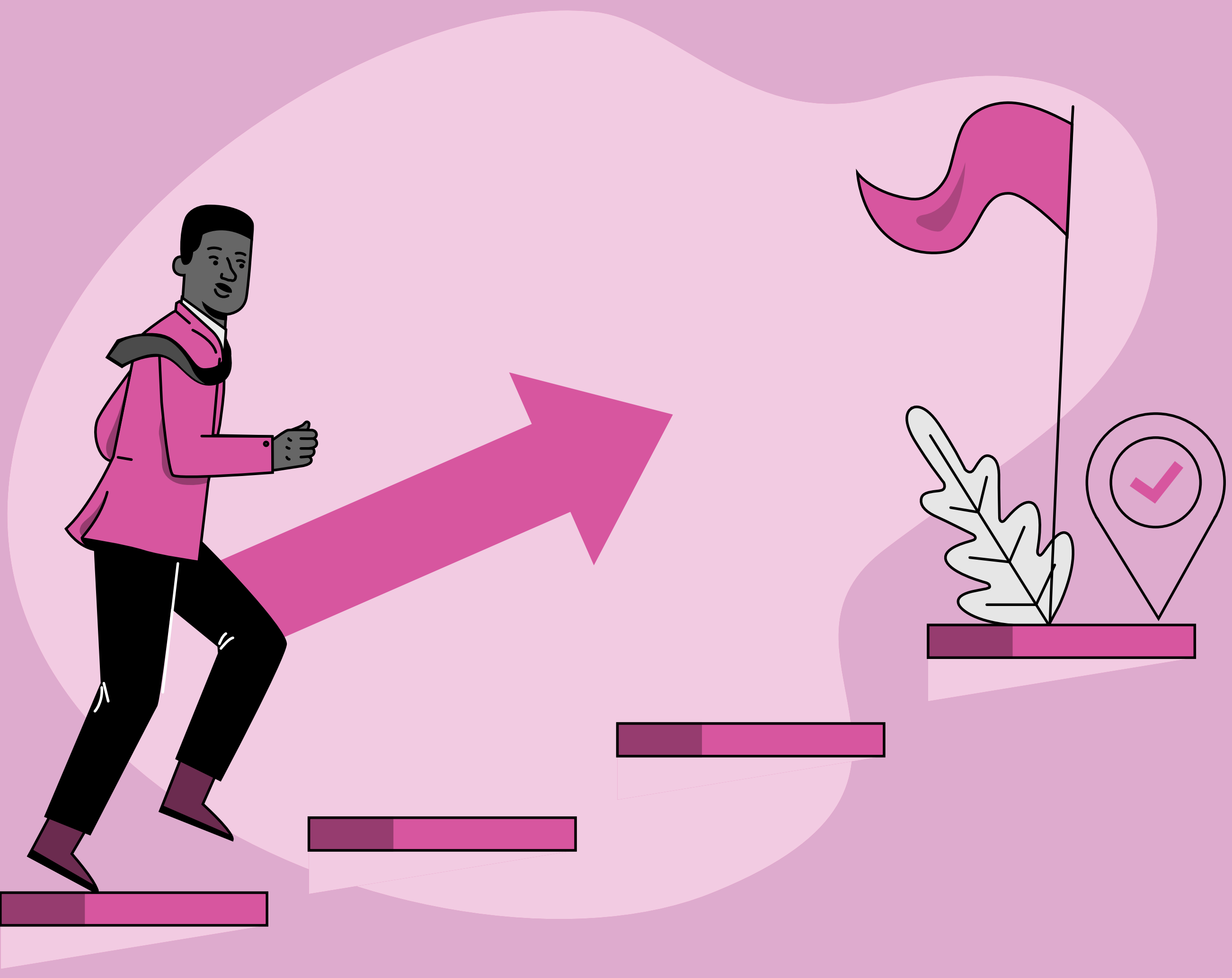
Bossers mentioned that sometimes lenders forget that settlement also has closing documents. If the chosen solution isn't able to automatically add eSignature fields to title documents, this creates more work for settlement. Bossers even said, "A lot of times, what we've ended up doing with some [digital closing] platforms is ... we just send our title docs to be wet-signed as well because the platform just doesn't take our documents very easily or it just takes too long to get them in."

To buffer against these potential problems, lenders should consult at least some of their settlement partners early on in the process of adopting digital closings. This can help guide you to a product that's proven to not only benefit your team and your borrowers, but also your settlement partners.

After implementing a digital closing solution, it's also important for lenders to follow up with their settlement partners. Ashton said lenders should go back to their escrow officer and ask what is working and what is problematic for the transaction. Following up with settlement can help increase the long-term success of your move to digital closings.

08

Next Steps



Now, you're armed with the information and tools to confidently select a digital closing solution that will lead you to success and create lasting business value. As you do your research on digital closing technologies available on the market, watch demos, and talk to vendors, you can clearly differentiate them and easily determine whether a solution meets your needs. To continue learning about digital closings and stay up to date on how to digitally transform the homebuying process, subscribe to our blog for regular insights, tips, and success stories.

Our team of digital closing experts are also available to help you find the right digital closing solution for your business. We've partnered with dozens of lenders, like Waterstone Mortgage, KS StateBank, and Credit Union Home Mortgage Solutions, to help them successfully scale and realize the benefits of digital closings. Contact us to start the conversation today.

About Snapdocs

snapdocs

Snapdocs is simplifying the mortgage closing process. As the provider of the industry's leading digital closing platform, Snapdocs provides 130,000+ real estate professionals with a pragmatic, proven path to adopt digital closings and create a single, scalable process online for every transaction. Snapdocs powers more than 13% of all U.S. residential mortgages.

Snapdocs empowers lenders to:

- **Close up to 40% more loans** with the same headcount
- **Reduce dwell time** by an **average of two days**
- **Reduce errors** that surface at the closing table **by 80%**
- **Digitize 100%** of their loan volume in **four months or less**

Learn more about Snapdocs Digital Closing Platform