



Fannie Mae®

# eMortgages: Transforming Mortgage Closings

Florida Credit Union Real Estate Network

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# Mike Cafferky

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eMortgage Product  
Manager  
Fannie Mae

Mike Cafferky is Fannie Mae's Product Manager for electronic mortgages (eMortgages). Mike graduated with a BBA from the College of William & Mary and joined Fannie Mae in 1985 to work on customer-facing technology efforts. Mike has spent the last 12 years at Fannie Mae developing and managing Fannie Mae's eMortgage initiatives. Mike is widely recognized as an industry expert on the topic, is a frequent speaker on industry panels related to eMortgages and eClosings, and has provided educational sessions at industry conferences on eMortgage requirements and processes . Mike routinely works with Fannie Mae customers, technology vendors, document custodians, and warehouse funding providers to support their efforts to transition to electronic documents and closings.

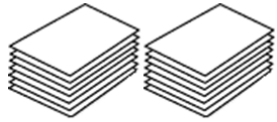
# Universal Goals of Our Customers



- Improve the borrower experience
- Increase certainty
- Lower costs and increased operational efficiencies

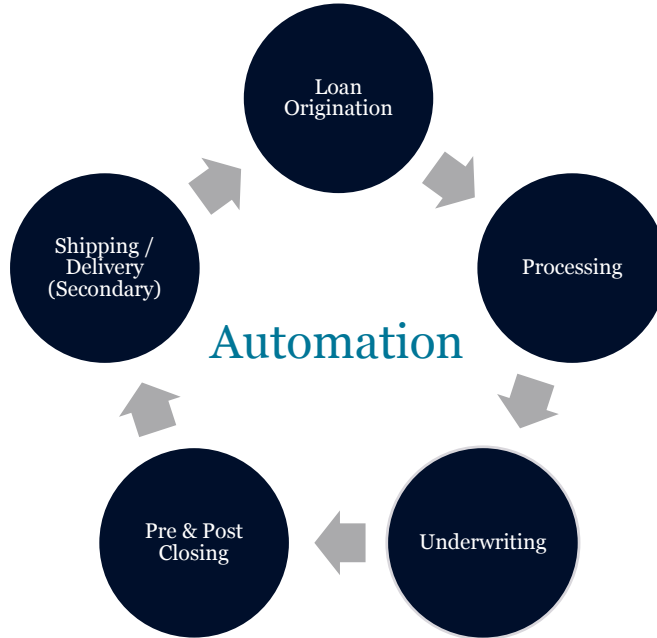


# Fully Digital Mortgage Process



## Today

- Lots of paper
- Complex and manual
- Time-consuming



## Future

- Reduced paper
- Streamlined and automated
- Faster and easier



# Why eMortgage?

## Save Time and Money

- Reduce cycle time from origination to delivery
- Eliminate paper, shipping, storage fees
- Faster funding through eNote delivery
- Optimize use of capital due to faster turn times

## Reduce Risk

- Reduce operation errors
- No missing signatures, documents, or files
- Improve data quality and validation

## Better Borrower Experience

- Access to review loan documents prior to closing
- Faster and easier signing process
- Informative and efficient process with eClosing versus paper



# eMortgage Terms

## **eMortgage**

A mortgage where the critical documentation, specifically the promissory note (eNote), is created, executed, transferred, and ultimately stored electronically. It often includes a wet-signed security instrument.

## **eNote**

An electronically signed promissory note. An eClosing produces an eMortgage if the promissory note (eNote) is signed electronically.

## **eClosing**

The act of closing a mortgage loan electronically using a secure electronic environment where some or all of the closing documents are executed and accessed online. It can be a hybrid process where some documents (e.g., Note, Security Instrument) are printed and wet-signed while others are signed electronically.

## **eVault**

A secure storage solution for maintaining and transferring eNotes, and which meets the requirements of eSignature laws.

## **MERS eRegistry**

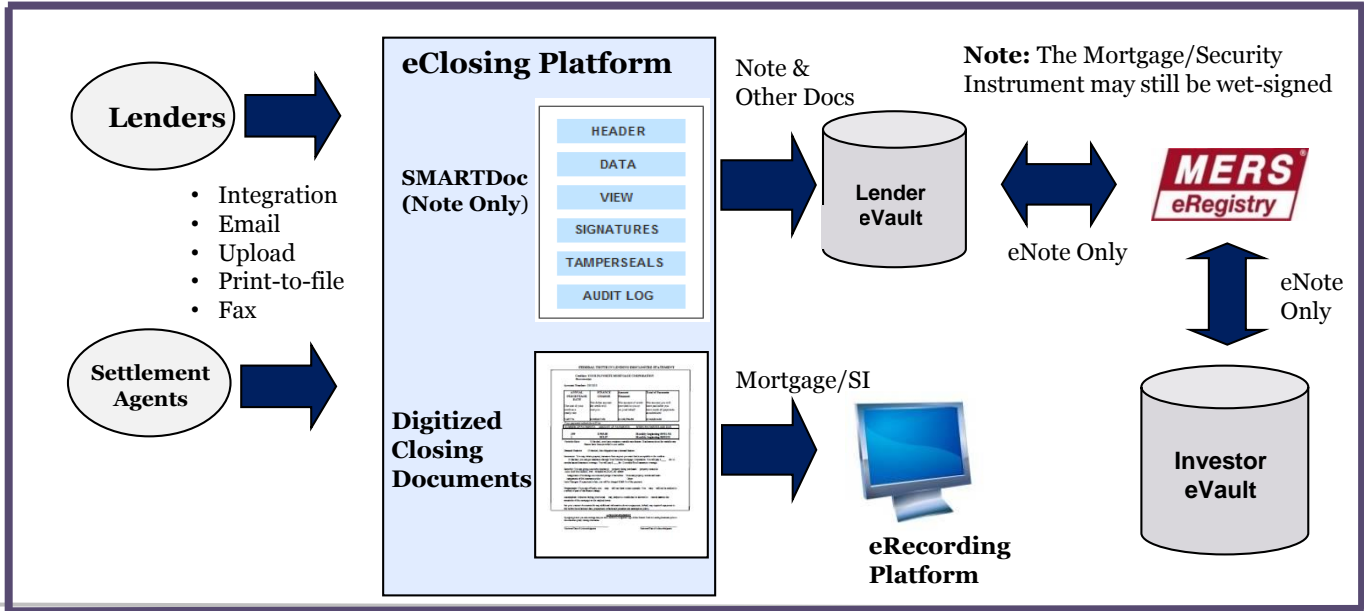
A system of record used to identify the current “Controller” and “Location” of the authoritative copy of an eNote.





# eClosing Process

- 1** Lenders and closing agents generate documents in various formats (e.g., PDF, XHTML, SMARTDoc,) and transfer to eSignature platform.
- 2** Documents prepared by platform for eSignature. Documents displayed, eSigned, eNotarized (if required), tamper-sealed, and deposited into an eVault.
- 3** Recordable documents (e.g. Mortgage/SI, Lien Release) transferred to eRecording platform for transmission to county.
- 4** eVault communicates with MERS for registration, investor delivery, and servicing.



# Industry Landscape



## Our Customers

An increasing number of customers are delivering and the pipeline is growing



## Warehouse Lenders

Ten warehouse lenders support eMortgage, versus 1 in 2015\*



## Technology Solution Providers

Growing list of Fannie Mae approved document providers



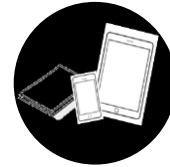
## Servicers and Sub-Servicers

Larger sub-servicers are now supporting eNotes and more will come on line this year



## eRecording

80% of properties are in counties that eRecord



## eNotarization

The pace of adoption of eNotarization and remote notarization laws is increasing



\* Denotes warehouse lenders as of September 2017

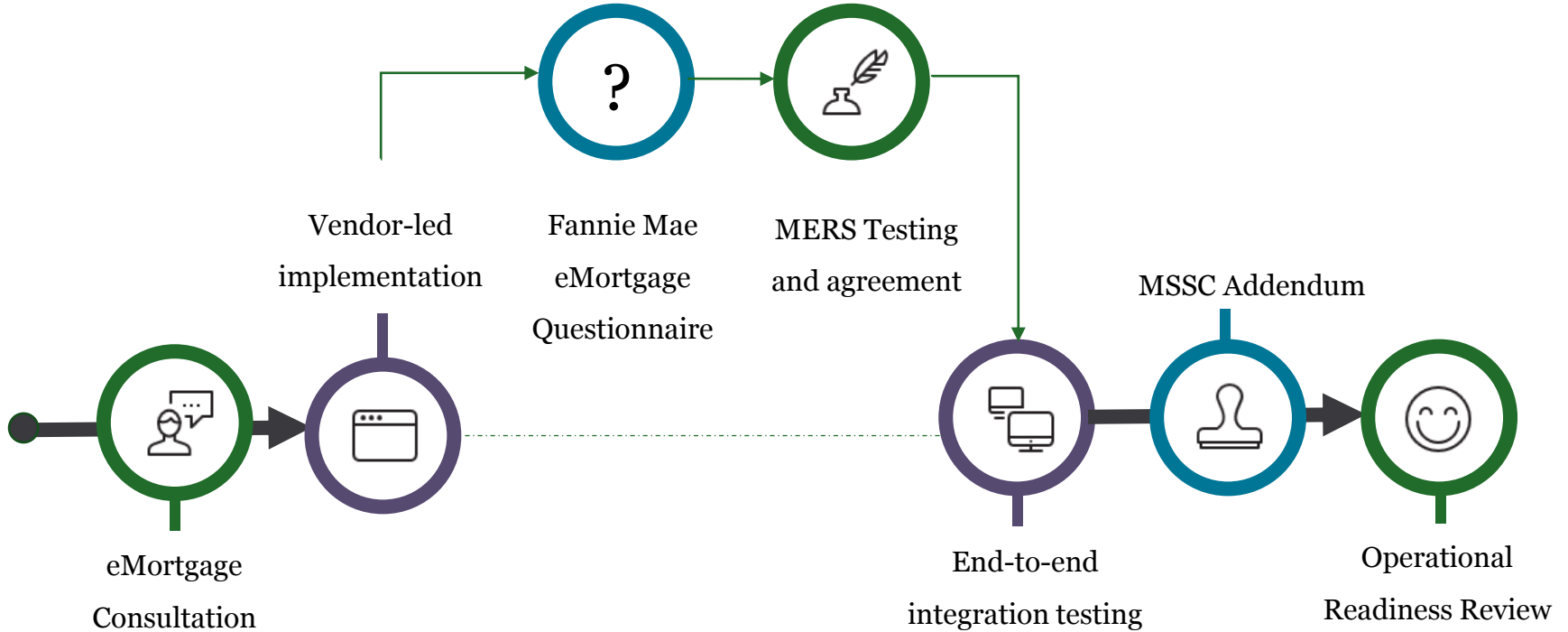


# Getting Started with eMortgages



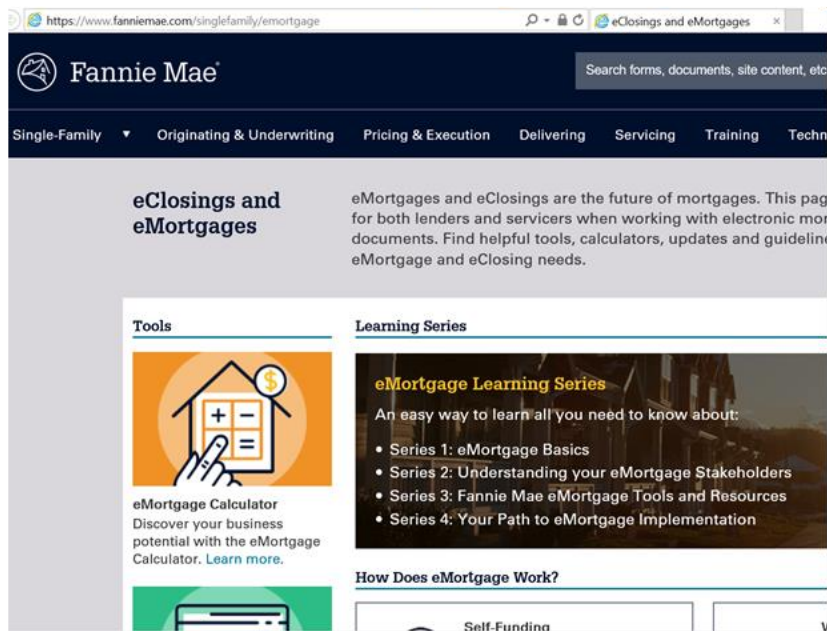
- **Identify technology partners (eClosing, eVault)**
- **Engage key business partners**
  - Investors
  - Settlement service provider
  - Warehouse bank(s)
  - Servicing partner(s)
  - Document custodian
  - MERS
- **Create cross functional project team**
  - Closing/post closing
  - Funding
  - Loan Delivery
  - Servicing
  - IT





# Helpful Resources

[www.fanniemae.com/singlefamily/eMortgage](https://www.fanniemae.com/singlefamily/eMortgage)



The screenshot shows the Fannie Mae website's eMortgage Portal. The header includes the Fannie Mae logo and a search bar. The navigation menu lists: Single-Family, Originating & Underwriting, Pricing & Execution, Delivering, Servicing, Training, and Techn. The main content area is titled "eClosings and eMortgages" and includes a paragraph: "eMortgages and eClosings are the future of mortgages. This page is for both lenders and servicers when working with electronic mortgage documents. Find helpful tools, calculators, updates and guidelines for eMortgage and eClosing needs." Below this, there are two sections: "Tools" featuring an "eMortgage Calculator" with a description: "Discover your business potential with the eMortgage Calculator. Learn more." and "Learning Series" featuring an "eMortgage Learning Series" with a description: "An easy way to learn all you need to know about:" and a list of four series: Series 1: eMortgage Basics, Series 2: Understanding your eMortgage Stakeholders, Series 3: Fannie Mae eMortgage Tools and Resources, and Series 4: Your Path to eMortgage Implementation. Below the Learning Series is a section titled "How Does eMortgage Work?" with a sub-section for "Self-Funding".

## Fannie Mae's eMortgage Portal

- eMortgage Calculator
- eMortgage FAQs
- Myths: eClosings and eMortgages

## Getting Started

- eMortgages Learning Series
- eMortgage Fact Sheet



Digital efficiencies will determine which leaders surge ahead...

