

Unlocking the power of eNotes

Discover efficiencies with hybrid eClosings, eNotes, and auto-certifications to improve your borrower's experience.





The eMortgage movement

In 2020 and 2021, the way we do our jobs changed forever. When remote work became the norm and “social distancing” became part of our everyday vernacular, we realized there was no longer a need to continue doing things the way they’d always been done. The necessary but unfamiliar accommodations made as a result of COVID-19 accelerated both interest and adoption of eMortgage capabilities across the industry.

eMortgage adoption was increasing before the pandemic. And then — nearly 20 years after Fannie Mae purchased our first eMortgage — the following years introduced the unprecedented adoption of industry participants who now support and accept electronic promissory notes (eNotes). Now, an increasing number of private investors, funding providers, servicers, and technology service providers are supporting eNotes, too, clearing the path for widespread adoption.

The pathway to fully paperless closings has widened as well. However, fragmentation and inconsistent adoption by the settlement industry have constrained many lenders as they attempt to transition to fully paperless closings.

All 50 states now accept some form of electronic notarization, and over 95% of the population has access to eRecording.¹

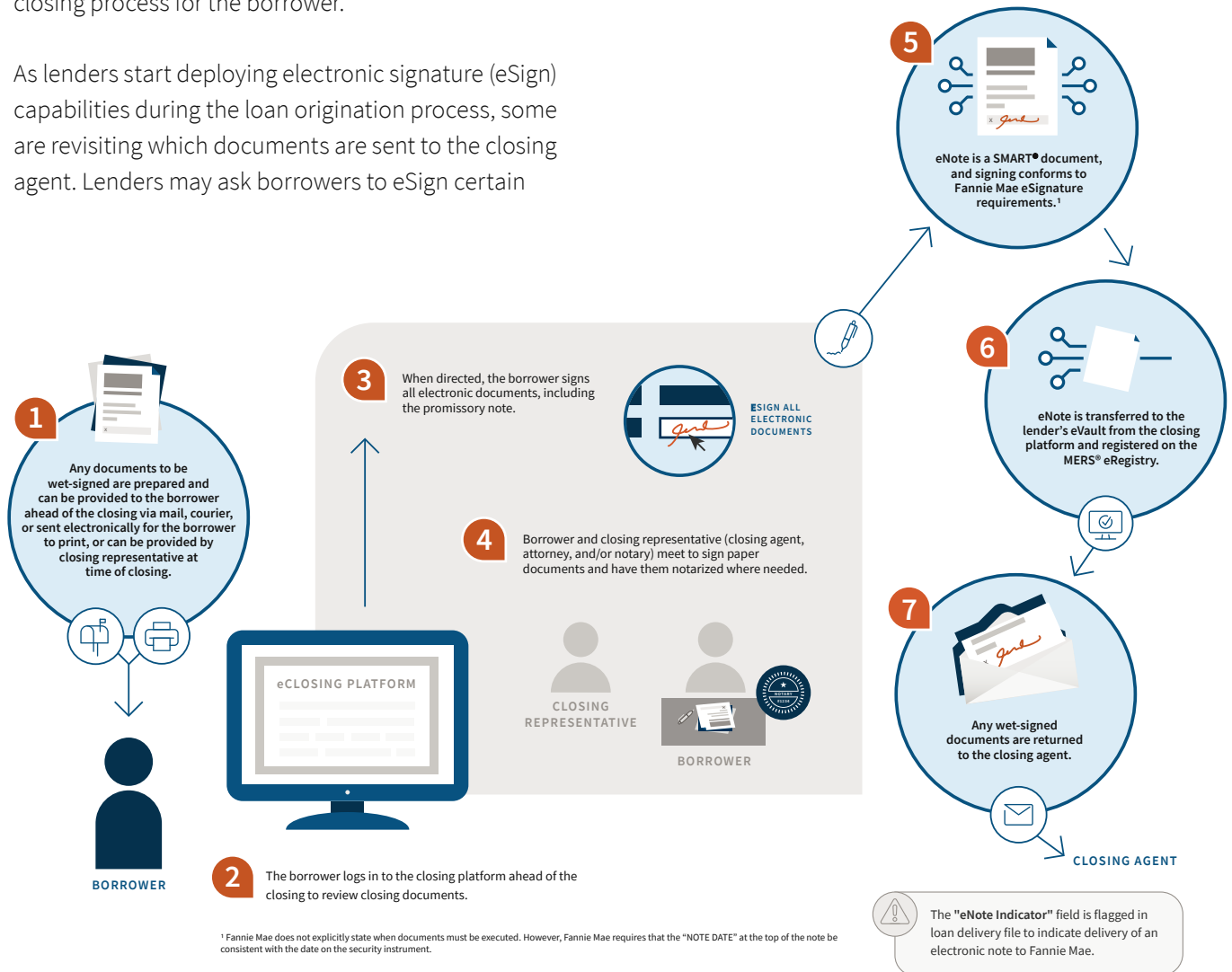


Leveraging hybrid eClosings to improve the borrower experience

Although fully paperless closings are already possible in most jurisdictions, many lenders choose to start the transition to digital closings with a hybrid process. In a hybrid eClosing, borrowers sign certain documents electronically and others on paper in the presence of a closing agent. Starting with hybrid closings can enable lenders to take advantage of the efficiency of electronic documents and signatures while streamlining the closing process for the borrower.

As lenders start deploying electronic signature (eSign) capabilities during the loan origination process, some are revisiting which documents are sent to the closing agent. Lenders may ask borrowers to eSign certain

closing documents prior to closing directly through a lender portal, subject to compliance with applicable laws. Most digital closing platforms enable borrowers to access and review closing documents ahead of time, rather than seeing documents for the first time at the closing table. These platforms also provide an extra layer of control, as lenders manage the timing and execution of closing documents, allowing borrowers to review and eSign documents that do not require notarization at their convenience. Borrowers can review, and even potentially sign, certain documents prior to meeting with the closing agent to streamline and expedite the closing process.



Maximizing efficiency with the power of eNotes and automatic certification

For lenders beginning with a hybrid eClosing approach, including the eNote among the eSigned documents can have tremendous value and impacts. The time it takes to receive paper notes from closing agents can be unpredictable, but lenders have immediate access to the eNote and other eSigned documents in a hybrid closing. If a warehouse bank is involved in the funding process, the eNote can be received and verified by the warehouse bank within minutes of the execution and registration of the eNote with the MERS® eRegistry. The faster transfer of the eNote between participants, coupled with the automation enabled by the SMART™ eNote document format, has streamlined the process of sale and delivery to Fannie Mae for many lenders.

When selling eMortgages to Fannie Mae, lenders transmit eNotes directly to Fannie Mae’s eVault, and the majority are automatically certified by the digital system within minutes of submission. Automated certification removes the need for a manual review by a custodian and provides lenders with greater visibility and control over the delivery process timeline. If there is ever an issue, the lender is notified so they can take immediate action to resolve it.

eNotes give lenders more control over execution, delivery, and certification:

- ✔ No more lost notes or missing signatures
- ✔ Immediate access to the eNote upon execution and MERS registration
- ✔ Instant delivery to warehouse funding partners (if applicable)
- ✔ Entirely digital delivery process with Fannie Mae Auto-Certification

In Q1 of 2025, for lenders delivering greater than 25% of their loan volume as eNotes, the average interval between closing and funding was up to 5 days faster for eNotes than for paper notes.²

With auto-certification, lenders experience better certainty in certification and funding of a loan.



Take the first step with hybrid eClosings

The Fannie Mae eMortgage team is dedicated to supporting lenders as they make the transition to using eNotes.

We work closely with sellers and their technology partners to provide a streamlined approval process focused on making sure they're fully prepared to deliver and sell eNotes to Fannie Mae.

Reach out to the Fannie Mae eMortgage team to schedule a consultation.

[CONTACT US](#)

For more information, [visit the eMortgage page](#).

¹ [Property Records Industry Association \(PRIA\) website](#) — eNotarization & Remote Online Notarization

² Based on Fannie Mae delivery data from Jan. 1 - Dec. 31, 2024

