

North Carolina Leaps to the National Forefront in Mortgage Closings with All-Electronic Paperless Closing Option

By Ann Wall, Liz Proctor and Ozie Stallworth

Do you have a client purchasing a home? Are you purchasing a home? Or do you have a client who finances residential mortgages? Then you need to know about, and begin preparing for, changes to North Carolina mortgage closings for which the NC Department of the Secretary of State (SOS) is the catalyst.

Jason and Karen Boccardi made history in May 2017 when they refinanced the mortgage on their Winston-Salem property. It was not the home that was historical, or anything about the closing paperwork—just the opposite—it was that there was no paperwork. On that date, the Boccardis became the first people in North Carolina history, along with their lender, North State Bank, to execute a 100 percent electronic mortgage closing, called an “eClosing.” The eClosing event took place in a North State Bank office in Hickory for a property in Winston-Salem, with the Boccardis’ Hunoval Law Firm attorney participating via an interactive video link from Charlotte. The electronic, notarized mortgage was insured by Investors Title Insurance Company of Chapel Hill. DocMagic and World Wide Notary were the electronic solution providers.

A second eClosing took place in August, when homebuyer Jennifer Andrews sat in a realty office in Mooresville with an eNotary to sign the closing documents on her new home, while an attorney from Brady & Kosofsky Law Firm presided over the closing from Matthews via video connection. The eClosing was electronically filed with the Iredell County Register of Deeds Office in Statesville. The closing took 19 minutes and Andrews had the keys to her new home in hand in 46 minutes. Andrews, who has been through traditional mortgage closings, said the eClosing process was not only quicker, but less stressful. “I got the full packet days in advance and had the chance to go over the material and ask any questions I had beforehand,” said Andrews. “When I bought my first house 20 years ago I wasn’t even told how much money I would need at closing. With this eClosing, all of that was settled beforehand so there were no surprises.”

A few such totally electronic closings have been done around the nation. Government regulators say the North Carolina eClosing is different in that it was not done as just a one-time test, but as the start of a new 21st Century way to do mortgage closings.

These eClosings are the culmination of a years-long effort led by Secretary of State Elaine F. Marshall to modernize both SOS and traditional business practices in North Carolina to better compete at the national and international levels. Many North Carolina county

Registers of Deeds have also worked to do more paper-free electronic recordings of government-required filings and land records. Secretary Marshall says that many government officials, digital service vendors, lenders and attorneys have worked for years to make sure that the way digital records are recorded in North Carolina is safe, secure, and reliable.

As the notary public regulator in North Carolina, the Secretary of State’s office has developed the standards and curriculum for the electronic notary status, often called eNotary. A notary public with this status can attach a digital version of their notary stamp to electronic legal transactions, making them legally the same as paper-based filings requiring a notarized document.

Secretary Marshall stresses that eClosings have all of the regular features and safeguards that people see when they execute a mortgage on paper. “For eClosings we require the physical presence of that notary plus the access to legal expertise—there is zero drop in standards for an eClosing—it is just faster, far more convenient and in my opinion more secure.”

The Secretary of State’s North Carolina Electronic Mortgage Closing Advisory Committee is working to develop a set of best practices to give other lenders across the State a road map to pursue electronic mortgage closings. The North Carolina Secretary of State’s Office and Advisory Committee brought together more than a hundred state and national mortgage industry stakeholders in August to discuss the future of electronic mortgage closings.

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