Understanding eClosings:
10 things you need to know

Whether you're just starting out or looking to expand your current capabilities, understanding digital closing is crucial for staying competitive and meeting evolving borrower expectations. Digital closing isn't just about going paperless—it's a fundamental shift toward more efficient, cost-effective, and borrower-friendly processes.

This guide gives you answers to some of the most common questions lenders have about digital closing.

1. What is a digital closing?

A digital closing, or [eClosing](#), refers to a mortgage closing process where some or all documents are signed electronically in a secure digital environment. eClosings exist on a spectrum, with many lenders adopting hybrid approaches that digitize portions of the closing process while maintaining some traditional paper elements.

DocMagic supports every type of eClosing and will provide the guidance and support you need throughout your digital closing journey.

It's important to note that as your loan process becomes increasingly digitized, you'll see cost savings and efficiency increase, while your borrowers enjoy greater convenience and flexibility during the homebuying journey.

There are 4 types of eClosings, ranging from hybrid to completely electronic (100% paperless):

eSign Hybrid

- eDisclosures
- Paper note
- Paper notary documents

eNote Hybrid

- eDisclosures
- eNote
- Paper notary documents

eNotary Hybrid

- eDisclosures
- Paper note
- eNotarization

Completely Electronic

- eDisclosures
- eNote
- eNotarization

The importance of e-eligibility

Not all loans qualify for eClosing. Automated e-eligibility tools check loan qualification throughout the mortgage process, from initial disclosures to closing, ensuring compliance and optimizing digital capabilities. DocMagic's eDecision tool starts this verification process immediately when disclosures are generated, giving you the certainty you need to execute successful eClosings.

2. Why should I consider eClosing?

eClosings have a variety of benefits. Below are just a few of them:

- **Better borrower experience:** Borrowers can review and sign documents in advance, reducing the closing appointment to as little as 15 minutes. The entire closing can be conducted remotely, so borrowers don't need to take time off work, arrange childcare, or even leave home.

- **Fewer errors:** eClosing platforms ensure there are no missed signatures, initials, or dates, resulting in less time wasted due to human error.

- **Lower costs:** You'll see savings at each stage of the loan process by eliminating the costs of paper, shipping, and physical storage—and dramatically reducing time spent on manual tasks. Lenders who implement digital workflows can save $400 or more per closed loan.

- **Reduced risk:** eClosing prevents fraud through strong identity verification and tamper-proof electronic signatures. It also eliminates lost paperwork and creates automatic audit trails that support regulatory compliance.

- **Increased operational efficiency:** eClosing saves hours or even days at each step of the process with less time being spent on manual processes and waiting for documents to move back and forth between participants.

- **Faster funding:** eNotes can be transferred and sold to the secondary market as soon as the loan closes. Fannie Mae reports that lenders using eNotes for at least 25% of their loans close and fund up to 5 days faster than those just using paper notes.[1]

3. What is RON, and is it secure?

Remote Online Notarization (RON) enables borrowers and eNotaries to complete closing appointments via a secure, dedicated video platform, eliminating the need for in-person meetings.

RON closings allow all parties to participate from anywhere while maintaining the same legal validity and security standards as traditional closings. The eNotary observes the signing after verifying the borrower's identity through multi-factor authentication (MFA) such as credential analysis and knowledge-based authentication (KBA). Dedicated RON platforms ensure document integrity and provide a complete audit trail for compliance.

RON is currently approved in most states, click here for a current list.
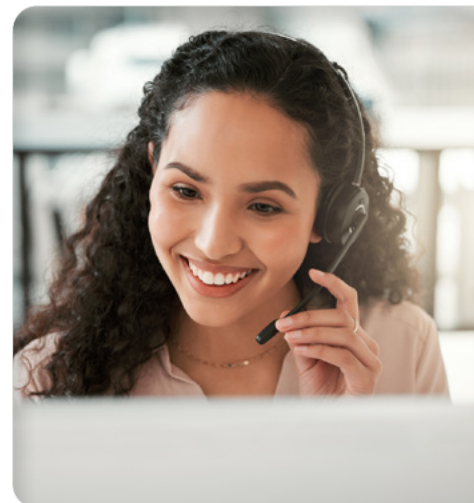
4. How do closing agents feel about eClosing?

More and more closing agents support eClosing, and many have become full adopters of RON technology. After all, an eClosing doesn't replace the closing agent; it actually makes their job easier, allowing them to be automatically included in the workflow as soon as loan documents are processed for eClosing. The digital tools behind eClosing relieve closing agents of mundane tasks, save people-hours, and allow agents to return to valuable relationship-building with clients.

5. What percentage of the industry conducts eClosings?

Lender and settlement service providers are shifting to digital processes to meet consumer expectations, lower loan production costs, and increase operational efficiency.

eNotes in particular, continue to rise in popularity: MERS® reports that eNotes as a share of total notes registered have risen steadily year after year, from less than 1% of all notes in the mid-2010s to nearly 11% in 2024. In fact, 2.5 million eNotes have been registered with the MERS® eRegistry as of January 2025.

Percentage of eNotes relative to all MERS® Loan Registrations
Source: MERS®

Year	Percentage
2017	0.05%
2018	0.36%
2019	2.10%
2020	4.23%
2021	5.23%
2022	6.18%
2023	6.72%
2024	10.68%
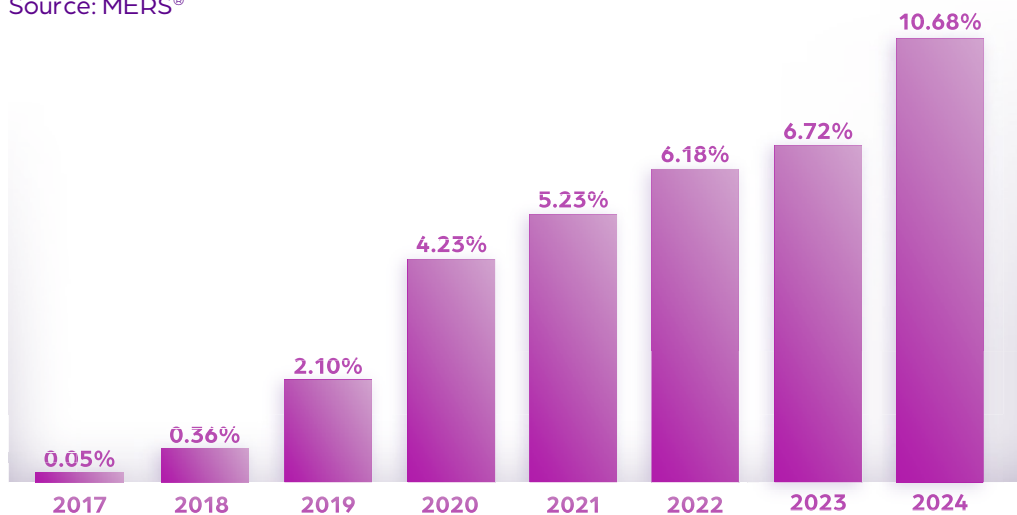
6. Will my investors accept eNotes?

eNotes are already widely accepted by Freddie Mac and Fannie Mae, not to mention major investors including Wells Fargo, Chase, Mr. Cooper, and PennyMac, and this list is growing. The MERS® eRegistry—the system of record for eNotes—provides a list of MERS® eRegistry members that accept eNotes. Contact your investors directly to discuss your eNote strategy, as many investors have unique guidelines for accepting eNotes.

7. Do I need an eVault?

If you plan to offer eNotes, you need an eVault. eNotes and other electronic records are managed, stored and transferred between industry stakeholders through eVault technology.

Unlike an imaging system, which only stores an electronic copy or "view" of the paper documents, an eVault also stores the XML data, audit trail, and original digital signatures. eVaults also maintain a tamper-evident seal to protect the integrity of each electronic document.

DocMagic's proprietary eVault technology is a critical part of our end-to-end eClose platform and seamlessly connects with every solution in our entire eClosing suite. Our eVault technology also features a Global File System that accepts virtually any digital asset, including:

- Authoritative copies of electronic promissory notes

- Multiple data formats, including TIFF, Word, Excel, PDF, Category 1 SMART Doc®, and audio files

- eChattel documents such as personal loans, auto notes, and commercial leases

This comprehensive approach ensures that all your digital assets can be securely managed within a single, unified platform. Many of the industry's largest investors use DocMagic's eVault technology for long-term storage of their eNotes.

8. What are e–enabled documents, and how do they support eClosing?

E-enabled documents support eSignatures, eNotarization, and electronic delivery to eVaults, letting you offer an end-to-end eClosing experience. eClosing platforms automatically identify all signature and initial fields, then guide borrowers through the signing process. This automated workflow eliminates missed signatures and reduces errors and rework—while ensuring compliance with industry standards and regulations.

With structured data formats like SMART Docs®, e-enabled documents integrate seamlessly with your loan origination system—eliminating manual entry and boosting efficiency.

9. What role does AI play in the eClosing process?

AI transforms mortgage loan production by streamlining document processing, accelerating underwriting decisions, and enhancing compliance monitoring. It improves borrower experiences by reducing processing times and providing real-time status updates. This enables you to predict roadblocks and make more informed decisions.

DocMagic continues to integrate AI where it delivers measurable impact—automating workflows and adding real value for you and your borrowers

10. How can I get started with eClosing?

Getting started with eClosing is a lot easier than you probably think and can take as little as a few days. From hybrid solutions that digitize specific portions of your workflow to fully electronic closings that eliminate paper entirely, there's an eClosing approach that fits your business needs and regulatory requirements.

We work side-by-side with you to build and implement a successful eStrategy and provide the guidance and support you need throughout your digital closing journey.

Want to understand how digital closing will optimize your specific loan process?

Schedule a demo today!

1. Based on Fannie Mae delivery data from Jan. 1 - Dec. 31, 2024, Unlocking the power of eNotes, Fannie Mae, 2025