

CASE STUDY

Jumping into the deep end:

A North Carolina credit union finds success going straight to eNotes



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truliantfcu.org

Challenge Accepted

Shortly after Beth Eller joined the North Carolina eMortgage Closing Advisory Committee in late 2019, the then-new vice president of mortgage lending at Truliant Federal Credit Union was asked how quickly Truliant could conduct an eClosing with an eNote.

"In all of my smartness and naivete," Eller recalled with a laugh, "I said, 'Oh, we can do one first quarter 2020, I'm pretty sure.'"

Not only was that time frame just a few months away, it would also be in the middle of Truliant's planned migration to a new loan origination system (LOS).

Still, Truliant accomplished that goal on March 27, 2020 — within the first quarter, as promised. In the process, it became the first credit union and second financial institution based in North Carolina to conduct a full eClosing.

Taking the mortgage road less traveled, Truliant chose not to dip its toe in the water with hybrids, as so many lenders do, but went straight to full eClosings, complete with eNotes and eNotarizations.



The **First** eClosing

With that pledge to the state's eMortgage committee, Truliant had its work cut out. So far it had dealt entirely in traditional paper mortgages.

But Truliant is in North Carolina, whose Secretary of State, Elaine Marshall, is a strong proponent of digital mortgages.

The eMortgage committee she assembled comprised a who's who of eClosing experts, and Eller made some crucial contacts, including DocMagic's Chief eServices Executive, Brian D. Pannell. Serendipitously, Truliant was already using DocMagic's document generation solution.

The credit union began comparing several different technology vendors' eClose solutions. At the beginning of 2020, Truliant signed up for DocMagic's Total eClose platform, which helps lenders provide both hybrid and full eClosings.

"There were a lot of providers in the market that had pieces and parts, but not the whole thing," Eller said. "DocMagic could generate the eNotes, provide the eVault, help transmit the data, generate the document packages... DocMagic provided the ease of getting everything in one place."

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Truliant immediately began running test cases back and forth with Pannell. By the end of March, the credit union completed its first eClosing.

The timing of that first eClosing had an unexpected benefit: It helped Truliant be more prepared when the pandemic hit in March 2020. Instead of having to frantically rush to implement eClosings, many of its new processes were already being put in place.

A Crucial Decision

One of Truliant's most important eClose decisions was to skip basic eSign hybrids — in which the majority of the closing documents are electronically signed, except for the promissory note and anything requiring recordation and notarization — and go straight to eNotes and eNotarization. It's rare in the mortgage industry, where most lenders start with eSign hybrids.

Since North Carolina allows in-person eNotarization (IPEN), Truliant transitioned directly to fully paperless eClosings. If this were a crawl, walk, run strategy, Truliant's decision was the equivalent of skipping crawling and walking and heading straight to running. The only more advanced option — remote online notarization (RON) — was off the table since North Carolina didn't allow it at the time.

"I felt like if we did [eSign] hybrids first then we would be stuck in that space for a while," Eller said. "I didn't want to be there. I wanted to jump in the deep end first."

The Case for eNotes

Eller had seen other lenders start eClosing by offering eSign hybrids, and then indefinitely put off eNotes. "They do [eSign] hybrids and they're easy enough, and then they think, 'Is there really a lot of lift from doing the eNote?'" she said.

In a way, she gets it. The gap from eSign hybrids to eNotes can be wide.

"You have to have approval from different entities," Eller said. "You've got to have an eVault, to understand all the terminology, to have approval and buy-in from your management. And you've got to go out and find those other partners out in the market."

But, she added, eNotes are definitely worth the work.

eNotes can't be corrupted and have a tamper-evident seal. They also have a defined path on the MERS eRegistry and an authoritative copy that determines who controls the eNote.

Such aspects make eNotes far less risky than a paper note.

Post-closing departments also love eNotes, Eller said. They no longer have to hunt down missing signatures or initials, and with just a few clicks the eNote is instantly delivered wherever it needs to go, such as an eVault or to an investor, cutting six to eight days off the servicing and delivery process.

"There's no doubt in my mind that eNotes are the way that mortgages will be closed in the future," Eller said.





Refining the Process

After that first eNote eClosing, Truliant worked to refine its eClosing process.

DocMagic's experience was instrumental. Eller spent hours brainstorming adoption ideas with eClosing Team leader Dan McGrew. His guidance led Truliant to take the following steps:

- **Setting up a biweekly meeting with loan officers (LOs).** Truliant began holding regular calls to discuss the previous week's eClosings, celebrate success stories, go over the problematic eClosings and plan for upcoming ones. "It helps LOs to hear their peers talking about it and to understand what everybody is going through," Eller said.
- **Having someone from DocMagic on standby during all future eClosings.** "Pretty quickly in, we made sure to always have an expert available online," Eller said. "DocMagic was wonderful to be available if we had an issue that came up."
- **Ensuring the eNotary knows what they're doing.** "The eNotary piece is the most critical in the whole chain, because that's the person who has the laptop, who is getting into the system, who is actually doing the notarization," Eller said. "And there were certain attorneys we worked with where we started saying, 'Hey, can we have that person again?'"

Additionally, having the right technology partner was crucial. Eller said many people in the industry are surprised by how quickly Truliant was able to develop an e-platform and push forward with eNotes.

"It's been a real blessing to have a partner who is engaged in your success, and who really has a vested interest in making sure that things go well," she said. "It's a new technology — things are going to go wrong. You're going to have questions. You need someone you can turn to and say, 'Hey, how does this work? Have you seen this before?' And someone who's willing to help you through it. DocMagic has been that provider for us."

In May, Truliant began conducting full eClosings with eNotes again. Eller wanted Truliant to move slowly for the first year, and by year's end, it tallied almost 90 eNotes, primarily in an eight-month time frame.

"We're a small shop. We don't have a lot of resources to throw at eClosings, and we've done pretty well with what we've had," Eller said. "And I really believe that we'll be able to leverage that and increase our percentage a lot quicker now because of the way we approached it for the first year."

A Bright Future

On March 26, 2021, almost a year to the day it completed its first eClosing, Truliant became the first lender to transfer an eNote to Federal Home Loan Bank Atlanta, and only the second lender within the entire 11-member FHLB system to transfer an eNote.

"This is the culmination of years of work by the state of North Carolina, FHLBank Atlanta and a dedicated team at Truliant," said Todd Hall, Truliant's president and CEO. "This final digital step makes the whole home buying experience quicker, more accurate and secure."

Despite being a self-proclaimed "small shop," Truliant is proving itself to be a leader in the eClosing space. Next, the lender is preparing for the day when North Carolina will allow RON closings.



Recently, an employee in Truliant's operational group confessed to Eller that when she first laid out the credit union's aggressive eClosing plan in 2020, they didn't agree with the decision.

She quoted her colleague's thinking at the time: "Why did we have to do it so quickly? We're in the middle of changing our LOS. All of a sudden, there's the pandemic, and we've got the biggest refi boom in the history of the business. And all you want to talk about is eClosings."

But now? Their tune has completely changed.

"It was pretty satisfying to have that person say to me, 'OK, now I get it, I see why we've done this,'" Eller said with a laugh. "eClosing really is a significant improvement."



ABOUT TRULIANT:

Truliant Federal Credit Union serves over 270,000 members at more than 30 locations across the Carolinas and Virginia, and has over \$3.3 billion in assets.

(800) 822-0382

ABOUT DOCMAGIC:

DocMagic, Inc. is a leading provider of fully compliant document generation, automated compliance, eSignature and comprehensive eMortgage solutions for the mortgage industry. Founded in 1987 and headquartered in Torrance, Calif., DocMagic develops award-winning software, mobile apps, processes and web-based systems for the production and delivery of compliant loan document packages, as well as hybrid and full eClosings.

(800) 649-1362
eClosingTeam@docmagic.com