

Notary Choice Shouldn't Be a Side Note

Referrals and repeat business can hinge on borrowers' experience at the closing table

As the mortgage industry has changed, service-providers who support the business have had to change, too. Escrow-settlement providers, for example, have introduced new workflows to better assist borrowers. Mobile closings represent one major change, and the right notary public — one who's specially trained to make sure loan documents are properly signed and notarized — can make all the difference for mortgage brokers seeking quick and clean closings.

Once contracted, a mobile notary can travel to borrowers' home or other meeting place at an appointed time and facilitate a loan signing that might otherwise be delayed because of schedule conflicts or other holdups.

A reliable notary can have a huge impact on a broker's business. When borrowers have an unpleasant loan-signing experience, for example, they often aim their displeasure at their broker and not at the escrow personnel or closing notary actually responsible for the experience.

Here are a few things to keep in mind when choosing a notary to sign your loan transactions.

Professional and experienced

The notary with whom you work should be attentive to every detail and socially adroit and should provide excellent customer service

An old saying in the escrow industry notes that "you're only as good as your last deal." For brokers, each deal that

leaves borrowers with a bad taste in their mouths means dissatisfied clients and lost referral business. Your choice of a notary should help your business grow, not work against it. When brokers work with clients they never meet in person, the impression left by a mobile notary is even more important.

To find the best mobile notary in a particular area, start by asking around. Who is the notary making your colleagues and competition look good? Once you get the names of a few people, call them. A quick phone interview can help analyze people's professionalism and shed light on their experience and knowledge.

Escrow agents often rely upon signing companies to provide screened notaries when needed. Signing companies often maintain national databases of free-agent notaries. The companies typically retain a portion of the notary fee charged on the settlement statement for the service of contracting notaries.

If you have a positive experience with a good closing notary contracted through a signing company, you might be able to bypass the middleman and reward excellence by engaging that notary's services directly for your next closing. At the least, you should be able to request that the signing company assigns that specific notary to your closings.

The National Notary Association (NNA) also has a professional registry of screened notaries trained to do loan signings (see nationalnotary.org).

Screening and insurance

Fraud prevention is an industrywide priority. Closing notaries will have access to your borrowers' personal financial information when signing a loan package. Compliance with the Gramm-Leach-Bliley Act, designed to protect consumers' financial privacy, means that brokers always want to make sure closing notaries contracted to sign loan transactions have met the act's safeguard standards with a background screening.

The NNA offers a nationally recognized notary-background-screening service that meets the safeguard standards.

Meanwhile, many title-insurance companies now require notaries who sign loan transactions requiring title insurance to provide evidence of errors-and-omissions insurance coverage. An established closing notary most likely will have met all major title-company notary requirements and already be approved.

Loan-document knowledge

Confidence helps close loans. When a notary is confident and competent, it gives borrowers assurance. And that makes you look good.

Whether a loan transaction involves a primary residence, investment property, commercial building or a line of credit, an above-average understanding of loan documentation and specific lender requirements is essential.

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Certain loan transactions require certain types of documentation to be compliant. A good closing notary might even notice when a document is missing from a loan package and ask about it in advance. This can help minimize closing delays.

Having knowledge also means knowing what not to do. For a notary to understand the paperwork is one thing. To practice law without a license by offering inappropriate legal advice at the closing table when not properly licensed to do so is quite another. This should never be expected or occur under any circumstances.

Regulatory know-how

An understanding of how the Truth in Lending Act (TILA) regulates loan-document preparation and its execution is important. A good closing notary will keep current with changes to all relevant regulations and how they apply to the signing of loan packages.

Nothing promotes borrower peace of mind during a signing faster than a notary

who can provide a plain-speak explanation of terms and disclosures at the closing table. The TILA disclosure, in particular, tends to confuse many borrowers even though they have seen it during initial disclosures.

Every mortgage broker's goal should be to fund as many good loans as possible while providing exceptional customer service and offering ethical and honest advice. Achieving success in this regard, however, cannot be accomplished alone.

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A broker's loan-making support system includes many valuable contributors, and a skilled closing notary is one of them. Skilled notaries strive to get loan documents signed properly the first time, and they achieve that goal based on their education and experience.

The best notaries also make a point to meet borrowers on their terms and willingly travel, as needed. ●