



## New mortgage signing standards announced by group of lender, title leaders

We've discussed best practices, vetting, lender liability, data security, RESPA/TILA reform, the impact of QM and a litany of other issues and ideas that seem to signal a mortgage and settlement industry that is either evolving, in flux or both. But at no time has anyone brought up the notarization and signing of documents that often finalizes a mortgage transaction. Turns out, they were waiting for the Mortgage Bankers Association Annual Convention & Expo.

During the MBA Annual, a special committee of major lenders and title companies known as the Signing Professionals Workgroup announced the creation of best practice standards for notaries handling loan signings. These recommendations were the result of a year-long investigation and discussion for new notary standards within the mortgage process.

“After the Consumer Financial Protection Bureau issued the ‘Service Providers Bulletin in April 2012, financial institutions have been held accountable for verifying the credentials of their third-party service providers,” said Thomas Heymann, president and chief executive officer of the National Notary Association. “Until now, there were no consistent or broadly acceptable standards for the notaries who represent lenders at the signing table.”

In said CFPB Bulletin, lenders were told to verify that their service providers complied with federal law and maintained “appropriate training and oversight of employees or agents.” In addition, lenders are expected to establish ongoing monitoring programs, and put in place enforceable consequences for providers who fell short and failed to quickly address their

shortcomings. For these reasons, the NNA and the members of the SPW committee felt compelled to act and shore up this end of the process.

The committee will implement the new Certified Signing Specialist Standards over the coming months and anticipates the roll-out will be completed by mid-2014.

### Certified Signing Specialist Standards

The official term coined by the committee is Certified Signing Specialist, which is a notary who meets the new qualifications laid out by the SPW. Those include:

- Adherence to the 10 guiding principles [See sidebar] of the Certified Signing Specialist Code of Conduct, which cover signer privacy protection, professionalism, unauthorized advice, services and advertising guidelines as well as reporting illegal or suspicious activity.
- Using a standardized signing script that outlines how a signing should be conducted, how questions can be answered without providing unauthorized advice, and when contacting the lender or



title company is necessary.

- A passing score on an annual exam covering the signing script, knowledge of loan documents and best practices outlined in the Code of Conduct. Exams will be administered over the coming months by SPW-approved providers after the committee establishes a vendor review process and licenses qualified companies.
- Passing a rigorous annual background screening including searches in state, local and federal records. This screening will be done on an ongoing, annual basis.
- Maintaining Notary errors and omissions insurance of \$25,000.

The refrain from the committee was consistency. A baseline of standard practices needed to be formalized in light of the new hyper-compliant environment that put all notaries on the same page, adding a more consistent signing experience. These standards are meant to both hit more rigorous compliance expectations of lenders and their vendors and also improve the experience of the borrower.

An inherent issue here is the dissonance of notary regulations across the country. Notary licensing standards vary from state and from company to company. Only about 10 states require background checks, for example, and less than 50 percent of states have education or testing requirements. These standards from the SPW are an example of industry getting out in front of an issue and providing guidance and rules where regulations were lacking.

## The script

Another short-coming identified by the SPW was the baseline requirement of any notary licensing process, even the most rigorous, often does not match the specific needs of a mortgage closing. A loan package is complicated and loan closing requires adherence to a certain protocol that is not inherent in the initial notary licensing process.

The Certified Signing Specialist Closing Script specifies an introduction (“Hello, my name is [NAME] and I’m here on behalf of ...”), an opening overview of the signing process, the rules therein and standardized terminology for terms like borrower’s certification authorization, flood hazard notice, Form 4506-T Request for Transcript of Tax Return, GFE, HUD,

owner’s affidavit, etc. The script also includes notes about only entering a home after being invited inside, confirming that all are present and making sure the borrowers’ have a hard copy of the package.

## The exam

A Certified Signing Specialist will have to complete an annual 50 question exam (from a bank of 150 questions), updated each year, that will address many of the unique aspects of the new certification. The exam will test knowledge of definitions, qualifications, notarization, impartiality, unauthorized advice or services, illegal and suspicious activity, privacy and confidentiality, fees, advertising, professionalism, standards, and the certified signing specialist script. A score of 80 percent or higher passes.

## Background check

A 10-year search of criminal records, using multiple databases, will be conducted each year. Signing specialists will be judged on a point scale. Accrual of 25 points is an automatic disqualification. The list includes more than 100 possible offenses and includes obvious automatic disqualifiers like arson (25 points), felony battery (25 points), counterfeiting (25 points) and a sliding scale of more menial offenses that when taken together would lead to a disqualification: disturbing the peace (5 points), passing violations (3 points), public intoxication (10 points), etc.

## The SPW

The SPW is chaired by Sam Zaki, managing director of sales, First American Mortgage Services, and is advised by the National Notary Association. Companies listed as SPW members on the group’s official website include Bank of America, Citibank NA, Fidelity National Financial, First American, U.S. Bank, Wells Fargo, LSI Title Co., Mortgage Connect, Old Republic National Title Insurance Co., ServiceLink, Title Source, ValuAmerica and Westcor Land Title Insurance Co. The Workgroup is seeking new members as it continues its work. Anyone interested in participating may apply via the Workgroup’s website.



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## The next steps

In its own newsletter, the NNA laid out the anticipated transition plan to the new Certified Signing Specialist program:

- In the coming months the Signing Professionals Workgroup will create the exam and begin to approve vendors authorized to offer the Certified Signing Specialist designation program.
- Once that occurs, notaries will be able to obtain certification from vendors such as the NNA.
- In the interim, the NNA has updated its current certification program to comply with the Certified Signing Specialist Standards, and its members will continue to be NNA Certified Notary Signing Agents.

Some lenders and title companies are already requiring the annual background screenings, as prescribed in the standards. Here's how the NNA recommends accomplishing that:

- If you purchased a background screening-Notary Signing Agent certification package from the NNA in 2013, wait until the group contacts you. Your screening meets the standards. The NNA will contact you one year after your last screening to authorize another at no extra cost.
- If you purchased a screening from the NNA in 2012, the organization will contact you to let know that you need to be re-screened. That screening will be offered at a one-time discounted fee of \$39.
- If you purchased a screening from the NNA in 2011, you will need to be re-screened. That screening is offered at a new \$65 rate.
- If you purchased a background screening from another vendor in 2013, the NNA said to send it a copy of your receipt. You will be given a store credit for the amount you paid for that screening when you purchase a new screening from the NNA at \$65.
- Going forward, the normal cost of the more rigorous annual background screening compliant with the Signing Specialist Standards as well as the Certified Signing Specialist annual exam from the NNA is \$65.

## The Certified Signing Specialist Code of Conduct's 10 Guiding Principles

### 1. Qualifications

The Signing Specialist will satisfactorily meet and maintain all qualifications necessary to perform signing services. Examples include professional licenses, background screening, and understanding of federal laws such as Gramm-Leach-Bliley and RESPA, and an understanding of closing documents.

### 2. Notarization

The Signing Specialist will follow all laws, rules and best practices that apply to the notarizing of closing documents.

### 3. Impartiality

The Signing Specialist will remain impartial to the transaction at all times. This includes holding back on any personal opinions.

### 4. Unauthorized advice or services

The Signing Specialist will not provide legal, personal, financial or other advice or services to the signer in connection with a signing assignment nor explain the terms of any closing document presented to the signer.

### 5. Illegal and suspicious activity

The Signing Specialist will not perform an illegal, deceptive or harmful act in connection with a signing assignment and will report any suspicious activity to

the closing agent handling the transaction.

### 6. Privacy and confidentiality

The Signing Specialist will respect the privacy of each signer and protect closing documents from unauthorized disclosure.

### 7. Fees

The Signing Specialist will follow all contractual obligations in charging and collecting fees for services rendered.

### 8. Advertising

The Signing Specialist will not advertise signing services in a manner that is unprofessional, false, misleading or deceptive.

### 9. Professionalism

The Signing Specialist will always act in a responsible manner towards contracting companies and parties to the transaction.

### 10. Standards

The Signing Specialist will endeavor to maintain and raise standards of practice amongst practitioners in the signing services industry.



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