2023 INDUSTRY REPORT

The State of eClose Adoption

100 mortgage lenders report their level of digital closing adoption, highlighting the challenges and opportunities that lie ahead.

snapdocs

Introduction

It is no surprise that digital closing technology has seen a [dramatic increase in recent years](#), largely driven by the COVID-19 pandemic and the demands of a tech-savvy customer base. Since then, the mortgage industry has undergone yet another significant change: high interest rates and loan volume fluctuations are impacting margins and changing the business priorities of mortgage lenders.

This year's mortgage industry report addresses the following questions:

• What is the extent of eClosing adoption across the mortgage industry?

• Is digitization still a priority for mortgage lenders?

• How do lenders view the future of eClosing technology, given the current mortgage market?

To answer these questions, Snapdocs partnered with Arizent/National Mortgage News to survey 100 top mortgage lenders across banks, independent mortgage banks (IMBs), and credit unions. This report details the research findings, revealing eClosing adoption trends and outlining the challenges and opportunities leading lenders experience today.
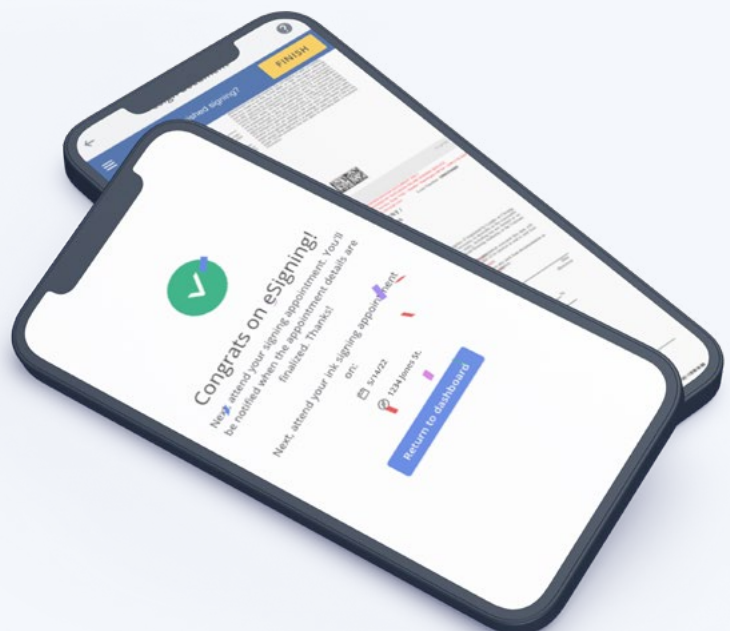
eClosing Definitions

To best understand the findings of this research, it is important to define the five primary mortgage closing types:

1. **Non-digital closing:** A traditional closing in which all documents are printed on paper. During the closing appointment, borrowers and other parties sign and/or notarize all documents in ink.

2. **Wet:** During a wet closing, the borrower previews all closing documents digitally before attending an in-person appointment to wet-sign the full closing package in ink.

3. **Hybrid:** A hybrid closing incorporates both digital and non-digital elements. The borrower previews and eSigns the majority of the closing package, then attends a short in-person closing appointment to wet-sign any documents requiring notarization.

4. **Hybrid + eNote:** This is similar to a hybrid closing, with the addition of an electronic promissory note (eNote). The eNote and most closing documents are signed electronically prior to the in-person closing appointment.

5. **Full eClosing (RON):** A full eClosing is conducted entirely electronically. Instead of attending an in-person closing appointment, the borrower attends a virtual closing with a notary to electronically sign documents that requiring notarization.

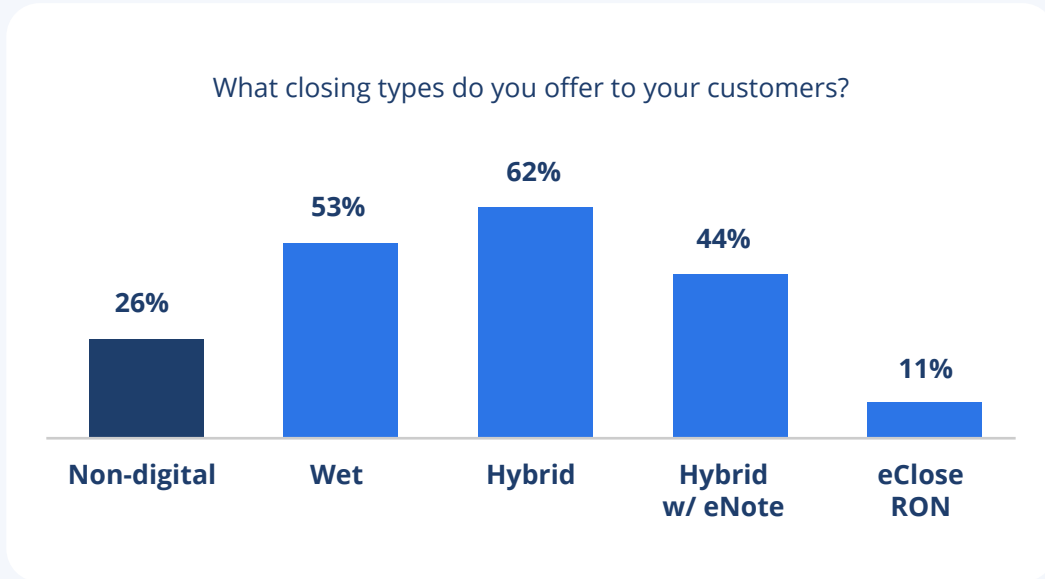|	Non-digital closing	Wet	Hybrid	Hybrid + eNote	Full eClose (RON)
Preview closing docs	❌	✔️	✔️	✔️	✔️
Send and receive docs from Title electronically	❌	✔️	✔️	✔️	✔️
Visibility into next steps	❌	✔️	✔️	✔️	✔️
eSignatures	❌ No docs	✔️ No docs	✔️ Non-critical docs (~75%)	✔️ Non-critical docs & eNote	✔️ 100% docs
eNote	❌	❌	❌	✔️	✔️
Virtual closing appointment	❌	❌	❌	❌	✔️

Research Findings: The State of eClose Adoption

74% of lenders have invested in eClosing technology

Of the 100 mortgage lenders surveyed, 74 report offering some degree of digital closing to customers.

What closing types do you offer to your customers?

Non-digital	Wet	Hybrid	Hybrid w/ eNote	eClose RON
26%	53%	62%	44%	11%

Hybrid is the most common digital closing type
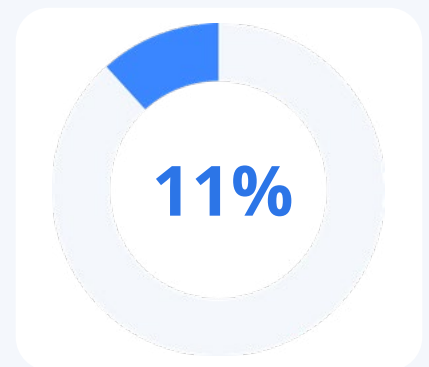
62% of respondents are currently providing hybrid closings to their customers, making it the most prevalent digital closing type among lenders. Wet closings closely follow, with 53% of respondents offering this option. Full eClose (RON) remains the less-traveled path, with only 11% of lenders offering it to borrowers.
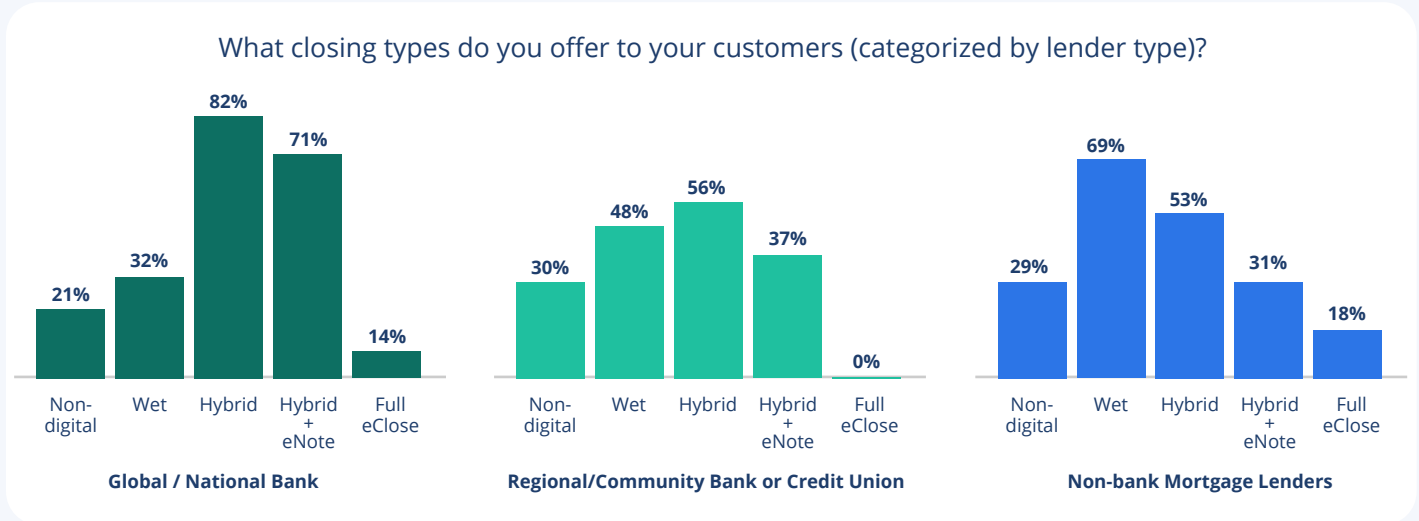
62%

Hybrid

53%

Wet

11%
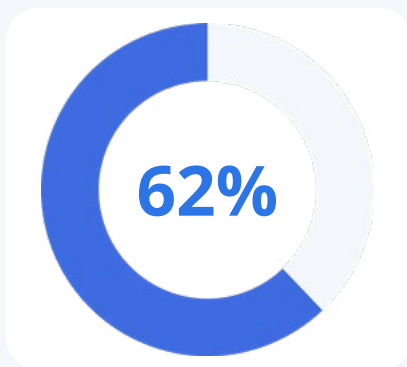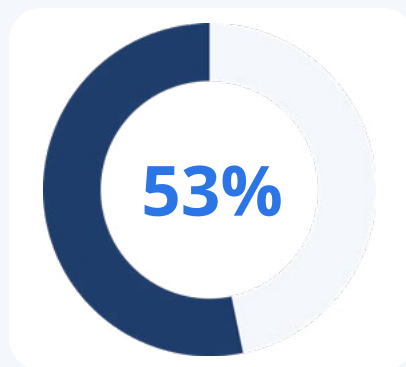
Full eClose (RON)

Global and national banks are more likely to offer hybrid and eNote closing types

The survey found differences in adoption trends depending on mortgage lender type. Regional/community banks, credit unions, and non-bank lenders (including independent mortgage banks) are more inclined to offer wet closings, while global/national banks show a higher propensity for hybrid closings and eNotes.

What closing types do you offer to your customers (categorized by lender type)?

Global / National Bank

Non-digital	Wet	Hybrid	Hybrid + eNote	Full eClose
21%	32%	82%	71%	14%

Regional/Community Bank or Credit Union

Non-digital	Wet	Hybrid	Hybrid + eNote	Full eClose
30%	48%	56%	37%	0%

Non-bank Mortgage Lenders

Non-digital	Wet	Hybrid	Hybrid + eNote	Full eClose
29%	69%	53%	31%	18%

Lenders are focused on driving greater adoption of eClose

When asked to provide their organization's top technology priorities within the next 12 months, 60% of respondents report a dedicated focus on eClose.

Furthermore, survey respondents report the top three business outcomes driving their emphasis on eClose are: 1) enhancing borrower experience, 2) increasing staff efficiency/ closing speed, and 3) improving margins.

What are the top five business outcomes that have motivated/would motivate eClose adoption at your organization?

- **72%** — Improving borrower experience/meeting customer demand
- **72%** — Increasing staff efficiency and speeding up the closing process
- **58%** — Improving margins and cost savings
- **54%** — Gaining a competitive edge/increasing market share
- **51%** — Achieving faster funding times (secondary market efficiencies)
- **48%** — Decreasing document error rate
- **43%** — Decreasing security and compliance risks
- **27%** — Improving staff morale & engagement / recruiting
- **2%** — None of the above

Survey respondents were asked to select up to five business outcomes.

To achieve these outcomes, lenders are prioritizing hybrid and/or eNote adoption and introducing RON as an offering to borrowers.

What is your organization's primary goal for eClosing within the next 12 months?

Maximize eNote adoption
27%

Implement hybrids across loan portfolio
43%

89%
Have defined eClosing goals

Offer Remote Online Notarization (RON)
19%

No goals related to eClosing
11%

When asked to identify the company's primary eClosing goals within the next 12 months, lenders report high interest in hybrid, eNote, and RON closing types.

70%
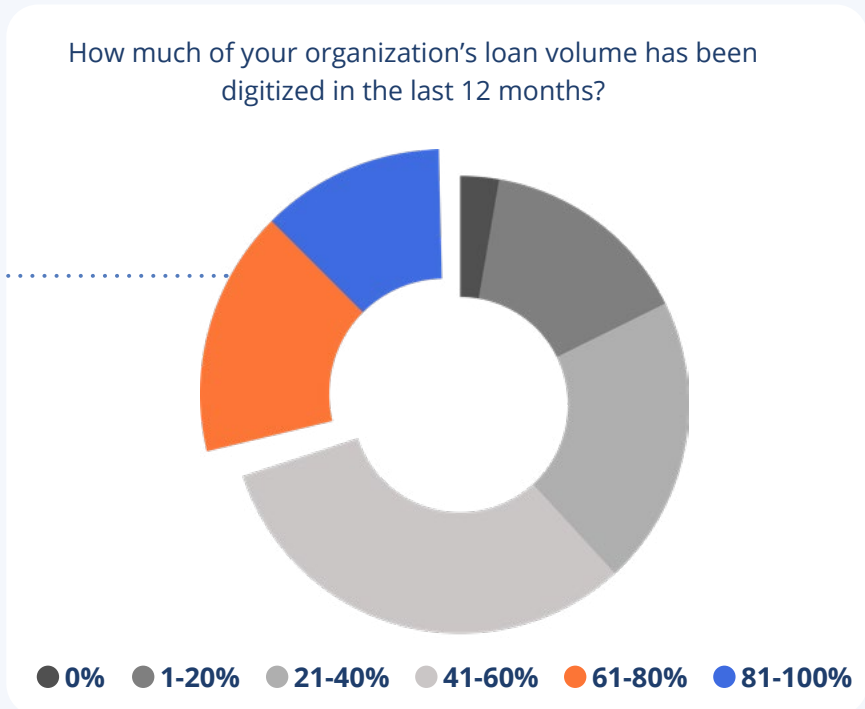of lenders state hybrid and/or eNote adoption is the primary eClosing goal

~20%
of lenders state Remote Online Notarization (RON) is the primary eClosing goal

FINDING #5
A gap exists between lenders who offer eClose technology and those who achieve wide-scale adoption

Despite a majority of respondents reporting a focus on eClose in the coming year, survey data reveals most lenders have not yet achieved eClose adoption at scale.

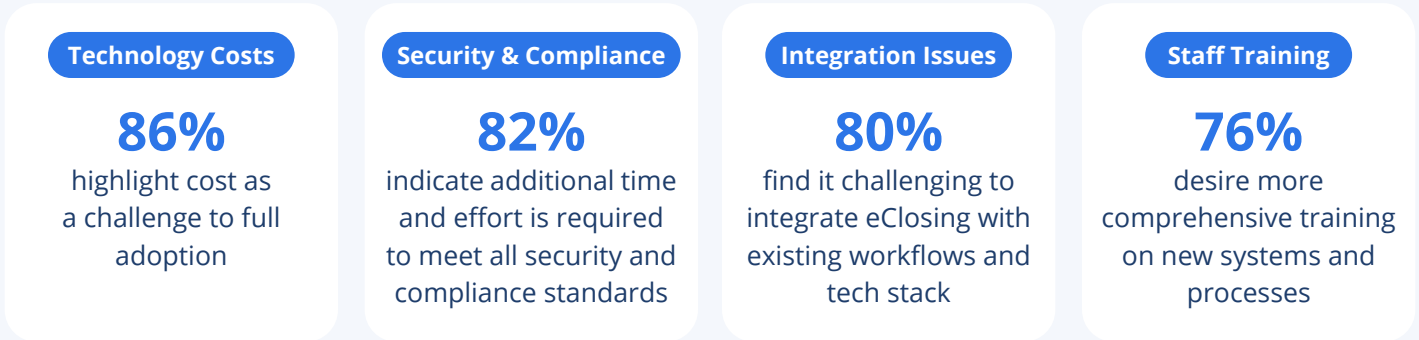Only **28% of lenders** that implemented eClosing technology have achieved above 60% adoption

How much of your organization's loan volume has been digitized in the last 12 months?

● 0%   ● 1-20%   ● 21-40%   ● 41-60%   ● 61-80%   ● 81-100%

Cost, technology requirements, and lack of training can impact the speed of adoption

Lenders report the primary factors slowing eClose adoption include technology cost, integration limitations, security requirements, and lack of adequate training.
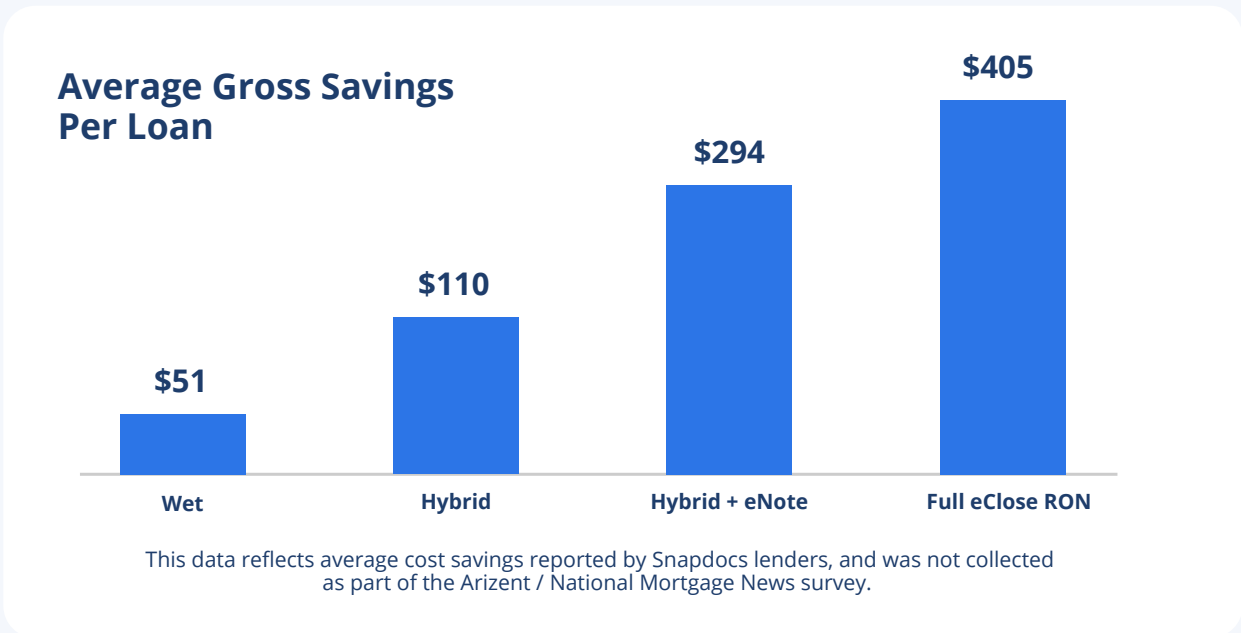
Technology Costs	Security & Compliance	Integration Issues	Staff Training
86%	**82%**	**80%**	**76%**
highlight cost as a challenge to full adoption	indicate additional time and effort is required to meet all security and compliance standards	find it challenging to integrate eClosing with existing workflows and tech stack	desire more comprehensive training on new systems and processes

Lenders offering eNote and/or RON are highly motivated by improved margins and cost savings

Lenders who offer eNote and/or RON report improved margins and cost savings as the top business outcome motivating eClose adoption at their organization (69%). In contrast, only 49% of lenders that have yet to adopt eNote and/or RON report improved margins and cost savings as a primary factor driving adoption.

eNote and RON represent the greatest opportunity for improved margins and cost savings. Snapdocs lender data confirms that average gross savings per loan increases as a loan gets more digitized.

Average Gross Savings Per Loan

Wet	Hybrid	Hybrid + eNote	Full eClose RON
$51	$110	$294	$405

This data reflects average cost savings reported by Snapdocs lenders, and was not collected as part of the Arizent / National Mortgage News survey.

CONCLUSION
The state of eClose adoption paints a clear picture

While lenders continue to prioritize eClose technology as a means to improve borrower experience, increase efficiency, and achieve cost savings, the reality is **only 28% of lenders** are realizing the full extent of these benefits.

"The impact of eClose cannot be understated. Once a lender achieves full hybrid adoption, they not only immediately recoup their initial investment, but also unlock the ability to scale eNote and RON. As lenders incorporate eNote and RON, the per-transaction savings increase by hundreds of dollars per loan. We know these savings can *only* be achieved when lenders reach high adoption. Ultimately, eClose is a single investment that, when done correctly, compounds over time."

– Michael Sachdev, Snapdocs CEO

The question remains, how do lenders achieve eClose adoption at scale?

Continue Reading

PART 2

Lender Resources & Recommendations

How to achieve eClose adoption at scale

While investing in eClose is a critical first step, research shows that merely offering eClose does not, in itself, guarantee wide-scale adoption.

After partnering with hundreds of mortgage lenders, Snapdocs has defined the top three strategies to achieving full eClose adoption:

STRATEGY #1
Identify the right eClose strategy

A lender's success hinges on more than just access to technology alone. Establishing a scalable eClose strategy starts with an actionable plan that considers the lender's unique business model, loan portfolio, and corporate objectives. Snapdocs recommends each lender define a thorough implementation, change management, and rollout strategy that first scales hybrid, followed by eNote and RON.

Access the eClosing Lender Checklist

STRATEGY #2
Meticulously evaluate eClose providers

There is no one-size-fits-all approach to digitizing any business process, and eClose is no exception. A strategic partnership between lender and vendor is the most critical factor in ensuring eClose success. When evaluating providers, critically assess the company's ability to accommodate your organization's specific needs including eClose outcomes, technology capabilities, and the guidance and support provided beyond implementation.

Access the eClosing Vendor Checklist

STRATEGY #3
Prioritize change management

Truly successful transitions require a comprehensive change management strategy that includes an in-depth analysis of current workflows, an understanding of the teams that will benefit from process changes, and a clear plan for implementing and training stakeholders. It is important to consider both lender staff as well as external stakeholders including settlement companies and trading partners.

SNAPDOCS LENDER INSIGHTS
60% of Snapdocs lenders have achieved above **60% eClose adoption**, more than 2x the industry average of 28%.

eClosing Lender Checklist

1   Establish the right eClose strategy

- [ ] Clearly identify the business outcomes you're hoping to achieve with digital closings
- [ ] Understand the digital closing distribution (e-Eligibility) of your loan portfolio
- [ ] Evaluate eClose providers to determine which partner is best suited to achieve your eClosing goals at scale
- [ ] Conduct an impact analysis to identify which processes and workflows may be simplified with eClose adoption

2   Achieve full hybrid adoption

- [ ] Set clear, attainable, and phased hybrid adoption milestones that align with your overall digital closing strategy
- [ ] Ensure your LOS & workflows are properly configured to identify hybrid-eligible loans
- [ ] Design and execute a communications plan that guides staff through eClose processes and workflows (as outlined in Step 1)
- [ ] Solicit and encourage staff feedback throughout the implementation, training, and rollout process

3   Scale hybrid + eNote

- [ ] Obtain approvals to deliver loans with eNotes to Secondary Market Participants (e.g. Warehouse Lenders, Investors, etc.)
- [ ] Set clear, attainable, and phased eNote adoption milestones with cross-functional stakeholders
- [ ] Select and implement an eVault solution that meets your business needs
- [ ] Become an approved MERS eRegistry® Participant

4   Full eClose (RON)

- [ ] Clearly identify the business outcomes you're hoping to achieve with RON
- [ ] Set clear, attainable, and phased adoption milestones that align with your organizational goals
- [ ] Understand the RON-eligibility of your loan portfolio and define a process to identify these loans during origination
- [ ] Partner with your eClose provider to enable staff and complete any platform configurations required to support RON-eligible loans

eClosing Vendor Questionnaire

Business Results

- What is the average percent of eClose adoption (wet, hybrid, eNote, RON) across your customers?

- What are the average cost savings your customers achieve per loan?

- What is the improvement your customers see in time (days) to close a loan?

- What improvement have your customers seen for borrower experience (NPS)?

- What is the average error rate on closing packages? What percent reduction have they experienced since implementing your product?

Technology Features

- Can your solution integrate with my tech stack (LOS, TPS, Doc Prep, eVault, etc.)?

- What other integrations do you have available?

- How does your technology support different county, state, and investor requirements?

- What features / capabilities have you developed to improve borrower experience?

- How have you utilized AI to reduce errors and/or manual workflows?

- How is important information shared across lender, settlement, and borrowers (e.g., appointment status, closing documents, notary details)?

- Are there any loan types that your solution doesn't support?

- Are there any edge cases that your solution doesn't support?

Customer Support and Implementation

- What does your customer support model look like?

- How many lenders and settlement companies are currently putting closings through your solution?

- What is the average time to first live loan?

- What is the average time to full eClose adoption?

- What does your change management support/process look like?

- How do you ensure stakeholder adoption (loan officers, settlement agents)?

- What are your adoption rates (opt-out) for settlement agents?

- What training resources do you provide to loan officers and settlement agents?

- What resources do you provide to help borrowers who are unfamiliar with digital closings?

- If/when issues arise, what support do you provide and is there a service-level agreement (SLA) in place?

- What resources do you provide to help identify which investors accept digital closings?

- How do you help lenders understand their portfolio's digital eligibility (how 'e' each loan can be)?

- Do you have any current customers that I can talk to?

Snapdocs has helped hundreds of lenders achieve their eClose adoption goals

Learn how Snapdocs customers are achieving 2.5x higher eClose adoption than industry average.

Let's chat

2x
higher eClose adoption

Snapdocs lenders   Rest of industry

snapdocs