



CFPB Know Before You Owe eClosing Pilot Forum

August 6, 2015

The Consumer Financial Protection Bureau (CFPB) held a well-attended industry forum on Wednesday in tandem with their release of findings on the eClosing pilot conducted earlier this year. The session, entitled “Forum on Know Before You Owe eClosing Pilot”, included opening remarks by CFPB Director, Richard Cordray, an overview of the eClosing pilot findings report, and a panelist discussion on the pilot experience and findings. The session concluded with remarks offered by FHFA Director Mel Watt.

The CFPB’s Mortgage eClose Pilot was conducted over a four month period of time that overlapped with the recent mini refinance boom. While this made for implementation challenges, it also increased volume and therefore added credence to the results. The pilot itself was introduced in response to [mortgage closing pain points](#) published last year in the CFPB’s report on “Mortgage Closings Today”. The CFPB had solicited input from consumers and industry stakeholders, who indicated considerable frustration with the mortgage closing process, specifically insufficient time to review paperwork, the amount of closing paperwork, document complexity and document errors.

[Director Cordray’s opening remarks](#) touched on the importance of eClosing as a win-win for both the industry and consumers, noting how efficiencies and accuracy will create consumer advocacy and education. The Director offered comments summarizing the intent and outcome of the Know Before You Owe eClosing pilot, repeatedly referencing three key areas used to measure the consumer experience: empowerment, understanding and efficiency. The Director also reflected on the positive impact that the three day closing review period and eClosing solutions bring to the mortgage closing process, to include easing mortgage closing pain points.

Findings from the [CFPB’s eClosing pilot report](#) were summarized for the group. Analysis results were derived using loan and survey data from 3,292 loans. The consumer survey response rate was encouragingly high at nearly 40 percent. Three mortgage closing scenarios were used for the pilot: paper closing, base eClosing, advanced eClosing. The advanced eClosing included the early electronic delivery of all closing documents, not just required disclosures. Data was analyzed based on demographic segmentation by experience, education

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and income, as well as purchase versus refinance. Not surprisingly, pilot findings indicated higher scores for eClosings versus paper closings in each of the three key areas referenced by Director Cordray, understanding, empowerment and efficiency. Early document review also improved consumer survey scores in these areas. In summation of the report findings, the CFPB encouraged the industry to explore eClosing as a promising option, with more research on the subject needed.

Both lenders and vendors participated in the eClosing pilot initiative. The CFPB recognized and thanked all twelve parties; however the forum panel was exclusive to pilot lenders, a title company pilot participant and consumer advocacy representatives. Panelists had varying degrees of expertise in terms of eClosing prior to the initiative. Experiences were shared with comments touching on multiple technical concerns, to include data integrity, system integration and customer access and use of technology. The difficulties associated with taking on new processes and technology were felt universally; however pilot participants were encouraged by the progress realized through commitment to an advanced closing process and working with engaged technical partners. The panel concluded by calling for continued lender and consumer education, as well as citing a need for industry adoption.

FHFA Director Mel Watt closed out the session with reflections from his personal experience as a real estate attorney. The Director reiterated the importance of the eClosing pilot in preparing industry stakeholders to move forward, most importantly to assist consumers in understanding the mortgage closing process. Pleased with the opportunity to represent Fannie Mae and Freddie Mac's perspective, Director Watt remarked that this is the way the industry will and must move.

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