



Patrick Stone: Full impact of RON yet to be realized

Remote online notarization (RON) has been embraced by many in the title space as a must-have tool to facilitate digitizing closings. But it may not be the immediate industry game-changer that some might think it is, according to WFG National Title Insurance Co. founder and Executive Chairman **Patrick Stone**.

“It is a positive step forward, and I think it will gain traction,” Stone said of RON in an interview with *The Title Report*. “But the marketing and promotion of RON sort of obscured the reality of its adoption. I think we’ve got a way to go before we’re going to see RON have the adoption rates that people are promoting it to have.”

Stone has data to back up his opinion. He surveyed all WFG’s transactions last year, and for the 10 months of 2020 during the pandemic, only .88 percent used RON. “Basically one out of every 100 closings,” he said. “That was on all the transactions we closed, and we’re large enough that I suspect that our mix is pretty consistent across the industry.”

Other statistics suggest the tool experienced a meteoric rise in use during the pandemic. A survey conducted by the American Land Title Association (ALTA) of major vendors in the RON space indicated its use skyrocketed 547 percent in 2020 when compared with 2019.

Stone said that needs to be viewed in context.

“You hear a lot of statistics, but there’s no basis for where they’re starting from,” he explained. “People quote that there was a 547 percent increase in RON use year-over-year. Well, if you’ve had 100 and you go to 647, you’ve had a 547 percent increase.”

He does not dispute that RON is a useful tool, one that

has great benefits to the industry, especially for those who have difficulty physically traveling to a closing. And he expects its use to continue to expand. But he questions whether currently, RON represents the immediate sea change in the title and lending space that some say it does.

“Do I like RON? Yes,” Stone said. “Do I think RON will be used at an increasing rate? Yes. Do I think it will transform the business overnight? No, I do not. Do I think it’ll even be used in a quarter of all transactions in the next three or four years? I do not. I think it will take a long time.”

For one thing, he doesn’t think it is yet the money and time saver it’s advertised to be.

“The benefit of saving money hasn’t been realized yet because we haven’t perfected the way to store the information or the videos from a RON,” he said. “That is expensive and it takes up a lot of volume, if you really get into it.”

Timesaving isn’t a factor yet either, Stone said, because currently, lenders are so busy that the average closing cycle has stretched to 50 or 60 days.

“So, if you save a week on that [using RON,] it doesn’t impact very much,” he said. “If we get back to the environment where closing cycles are 35 to 40 days and you save a week, it has more impact. We haven’t really seen the benefit of it to the degree that we might down the road.”

He also expects homebuyers will continue to gravitate toward face-to-face interactions for some time.

“I do believe we are seeing more digitization of the

process and we are seeing people being made more aware and kept more current with what's going on during the closing cycle, but most people who buy a home still have a lot of anxiety. If you're signing remotely online, you'd be freaking out because for many people, it's the largest investment they ever make," he said. "Having someone sitting there explaining what you're signing is a real benefit. I think you're going to have the need for interaction for quite a while."

Stone has been told that he doesn't understand the current generation's penchant for technology, which make them more attracted to a digital tool like RON.

"I understand it very well. Millennials are digitally oriented, but primarily with functions that they do frequently," not with something like buying a home, he said.

There are some segments of the industry more primed for RON than others, Stone said.

"I do think it will have applicability in the refinance market to a larger extent than resale, and much more quickly," he said. "We have certain customers on the refi side that were highly automated, highly integrated and virtually all digital. Digitization on the resale side still has a long way to go."

Also, different markets are better fits for RON. WFG saw good levels of its adoption in areas like Seattle and other cities where it is difficult to move around due to traffic congestion.

Often, such areas already use mobile notaries, which

offsets the need for RON, he added.

"The percentage of our closings done by mobile notaries is very, very high," Stone said.

Some states still don't permit RON to be used, including California and South Carolina, with California being one of the largest states in terms of volume.

The bottom line, Stone said, is that while RON may not be a significant force in the industry yet, its adoption is a process that will only accelerate.

"If I am a title agent, I want to be aware of it, I want to be paying attention to it, I want to be cognizant of it and have the ability to adopt it because I do believe vendors will start selecting agencies by what they perceive to be their commitment to digitizing their process," he said.

He said he looks forward to RON becoming more popular.

"I would love to see RON be used more frequently," Stone said.

"Everybody talks about how the digitization of the mortgage process would save lenders time and money. It would save us time and money. I'm all in favor of it, but it's a long way from being a 100 percent accepted, functional process. As far as it being used in the majority of transactions, I doubt that will happen in my lifetime. I could be wrong, but I doubt that that's going to happen anytime in the foreseeable future."



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