

September 7, 2021

Chairman Norman Sanderson  
300 N. Salisbury Street, Rm. 309  
Raleigh, NC 27603  
[Norman.Sanderson@ncleg.gov](mailto:Norman.Sanderson@ncleg.gov)

Dear Chairman Sanderson,

On behalf of the Mortgage Bankers Association of the Carolinas<sup>1</sup> and the national Mortgage Bankers Association (MBA)<sup>2</sup> we are writing in support of H776<sup>3</sup>, which passed the House and would enable the use of remote online notarization (RON) for real estate financial transactions in North Carolina.

RON laws have been enacted similarly by 36 states and legislation is currently pending in two additional states. The provisions of H776 are generally consistent with this national consensus for RON adoption and implementation. This uniformity across different states stems from a reliance on model state legislation released by the non-partisan Uniform Law Commission (ULC) in 2018.<sup>4</sup> However, our associations are concerned that the Senate proposal (S680<sup>5</sup>) would deviate from the national standard and make North Carolina an outlier. Specifically, S680 would not align with other states that have enacted RON by:

- Requiring the principal and notary to be in the state at the time of notarization.
- Excluding language that would fully protect consumers' by expressly requiring a third party verify a signer's identity through multifactor authentication.

The proposed language of S680 requiring the principal and notary to be in the state at the time of the notarization would put an undue burden on North Carolina consumers. This restrictive provision would limit a consumer's ability to conduct business related to a property located in the state if they are unable to be physically present in North Carolina at the time of notarization. This movement of consumers is typical for members of the military or business professionals looking to move to the state. Moreover, it would likely cause lenders to prohibit the use of RON

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<sup>1</sup> The Mortgage Bankers Association of the Carolinas, Inc. (MBAC) represents companies that participate in the mortgage lending industry within North and South Carolina. MBAC members include residential and commercial mortgage bankers, mortgage brokers, wholesale lenders, savings & loan associations, commercial banks, credit unions, government agencies, non-profit organizations, and companies that provide affiliated services to mortgage bankers. Members can receive legislative representation, education and training, networking, information resources, and other benefits from MBAC. Consumers can learn about the process of obtaining a mortgage loan, receive answers to mortgage-related questions, verify whether a lender is an MBAC member, or receive assistance in resolving disputes with lenders and affiliates. Whether you are a member, prospective member, or consumer, we invite you to explore our website to learn more about our association, our industry, and services we offer.

<sup>2</sup> The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 330,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 1,900 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: [www.mba.org](http://www.mba.org).

<sup>3</sup> <https://www.ncleg.gov/BillLookUp/2021/H776>

<sup>4</sup> <https://www.uniformlaws.org/viewdocument/final-act-no-comments-86?CommunityKey=8acec8a5-123b-4724-b131-e5ca8cc6323e&tab=librarydocuments>

<sup>5</sup> <https://www.ncleg.gov/BillLookUp/2021/S680>

in North Carolina as the notary would have no way to verify (other than Principal's statement) of the signer's location.

Furthermore, the S680 weakens requisite consumer and data protections by not including language for credential analysis and ID proofing present in H776. S680 would allow the principal to attest to their identity via audio-visual communication device without a third-party verifying this information through multifactor authentication, which provides more security than a traditional notarization.

If adopted, H776 would help create legal certainty for RON transactions in North Carolina by using a framework that is based on a common set of core principles used by a growing list of states. Therefore, we strongly support passing the version of H776 that passed the House and provide lenders with additional resources to serve North Carolina Consumers. If you have any questions, please contact Robin Weyrens ([robinW@mbac.org](mailto:robinW@mbac.org)) or Kobie Pruitt ([kpruitt@mba.org](mailto:kpruitt@mba.org)).

Sincerely,

Mortgage Bankers Association of the Carolinas  
Mortgage Bankers Association