



## Notarize

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Senator Mike Folmer  
Chairman, Senate State Government Committee  
Room 337 Main Capitol  
Harrisburg, PA 17120-3048

Re: SB 595 (Amending Title 57, Notaries Public, to add new provisions authorizing additional methods to perform notarial acts using electronic means, including appearance by means of secure audio-video communication)

Dear Chairman Folmer:

On behalf of Notarize, Inc., I am writing in support of the principles in the updated working draft of SB 595, which will amend Title 57 relating to Notaries Public.

SB 595 will empower Pennsylvania notaries to serve a national audience of consumers and businesses and put Pennsylvania on par with other states that have moved to strengthen the notarial process using technology. Pennsylvania recently updated its notarial law and provided a solid foundation for notaries to perform their critical function well into the future. The current legislation will build on that foundation by equipping duly commissioned Pennsylvania notaries with the tools to conduct safe, secure and verifiable notarizations while integrating seamlessly into the modern digital economy.

Notarized documents serve an important and enduring part of the American economy. Over 1 billion documents are notarized each year in the United States. However, despite its continued importance, the notary industry has until recently remained remarkably antiquated and has not kept pace with the needs of today's tech-enabled economy. But this is already changing. We now know that modern technology-enabled tools can dramatically improve every aspect of the notarial process. These tools can make agents far more accessible, eliminate physical safety concerns, significantly enhance identity verification, and replace archaic paper journal record keeping with vastly improved electronic records.

These changes are already happening today. Notaries are using technology-enabled heightened identity validation, secure audio-video communication to conduct notarial sessions with signers, and modern record-keeping systems to make a full and durable record of the notarial act. Businesses, consumers and government agencies across mortgage, construction, insurance, financial services, education, health care and many other industries are now using notaries in a manner which integrates seamlessly into their digital processes in a safe, secure and verifiable manner. Just by way of example, Notarize recently conducted the first ever fully online closing of a mortgage transaction, and borrowers, lenders, and title companies are now using this technology to execute mortgages in various states across the country.

Numerous states are considering legislation to update their notarial laws to equip their notaries with these modern tools and processes. Texas, Nevada and Ohio recently enacted such laws, joining Virginia and Montana which have had such laws in place for five and two years, respectively. Many other states have considered such legislation and are likely to do so this upcoming session.

The current draft of SB 595 draws upon the principles embodied in prior legislation and the lessons learned from the many thousands of transactions to date. It incorporates shared input from key stakeholders in the land title, banking, mortgage banking, realtor and legal communities. It also builds upon the model adopted by the Uniform Law Commission authorizing online notarization for signers outside the US. It includes key protections advocated by major stakeholders:

- (a) It provides for heightened identity validation using multi-factor authentication;
- (b) It provides for Department of State oversight and the power to adopt flexible rules;
- (c) It anchors the notarial act squarely in Pennsylvania whose laws clearly govern the notarial act;
- (d) It provides for transparency that the notarial act was performed using audio-video communication tools; and
- (e) It provides clear requirements for record-keeping and cybersecurity and requires the notarized document to be “tamper sealed”

to ensure its integrity.

The current draft of SB 595 will bring Pennsylvania notaries into the modern era by authorizing them to optionally perform notarial acts by traditional means or by use of a secure, recorded two-way live audio-video call. It will enable Pennsylvania notaries to expand their business, improve their incomes, and stay directly relevant to modern digital commerce.

The current draft of SB 595 will provide Pennsylvania notaries, signers, and businesses with a host of significant benefits, including:

### **Heightened Identity Validation, Fraud Deterrence and Verification**

Verifying the identity of a signer and the authenticity of a notarization is one of the central duties of a notary. Yet notaries have limited tools to verify a signer's identity in person and archaic paper journal recordkeeping jeopardizes the ability of relying parties to verify a transaction after-the-fact. SB 595 puts in place much higher requirements for identity verification, security, and recordkeeping for online electronic notarization than exists for paper notarizations. This will dramatically improve fraud prevention and detection for consumers, businesses, and the notaries themselves because of the enhanced identification procedures, full digital transaction record, and the high-resolution audio-video recording of each online signing session. In addition, digital tools and error detection help ensure notarizations are completed properly, significantly reducing added delays and costs for all parties.

### **Consumer Empowerment**

The legislation would give signers a much more convenient option for conducting notarizations on their own terms, saving them time and money. For many individuals who have difficulty physically attending a closing because they are physically disabled, in a rural or remote location or abroad, because they lack quality transportation options, or simply because they are working Americans who find it difficult to leave work during regular business hours to notarize a document, online notarization gives them a new convenient option to complete their notarization. For all signers, online notarization can provide a much richer experience, including better educational tools and less intimidation for those who have difficulty advocating for themselves in a signing. For example, a signer who speaks English as a second language can be easily routed to a notary who speaks their language.

## **Safety and Efficiency**

Online notarization is not just better for signers, it's better for notaries and businesses. According to the National Notary Association, more than 70% of notaries are women. In addition, a recent study by the National Notary Association found that more than 25% of notaries report feeling threatened or at risk during a notarization and 26% have been in a hostile or dangerous situation during a notarization. Online notarization eliminates this risk of coercing the notary during a signing by allowing them to connect with signers from the safety of their home or business to notarize signatures. Additionally, because every notarization is recorded, notaries are held to the highest professional standards and are deterred from offering services or legal guidance beyond their charge. The cost of completing a notarization will be significantly reduced for notaries and businesses who rely upon them by reducing reliance on paper, reducing errors, and improving the free flow of interstate commerce.

The legislation relies on tested and verifiable practices and technology, already in use in other states, and will enable Pennsylvania notaries to support digital commerce. Similar legislation has been in place since 2012 with significant adoption and use, by businesses, consumers and government actors, in the last two years.

Many of the leading legal and notarial authorities in the country have adopted online notarization as a model framework for conducting notarizations. Highlights of recent developments include:

- In January 2017, the National Notary Association, the largest notary association in the country, adopted model legislation for the states on electronic notarization, including remote notarization
- In December 2016, the Council of State Governments adopted the Virginia Remote Notarization law as part of their Shared State Legislation Committee to serve as model legislation for states
- In July 2016, the Uniform Law Commission has adopted remote notarization, for US citizens, military members and others traveling abroad, as a model law
- Fannie Mae and Freddie Mac have publicly stated their support for online notarizations conducted on an interstate basis for real property related documents, and are actively supporting pilot programs in an expanding list of states across the country.
- In November 2015, the Property Records Industry Association, the standards setting body and trade association for county clerks and land recorders, clarified that modern forms of e-notarization such as

online notarization are equally valid and recognized for recording purposes.

The current draft of SB 595 is now seen as a model law and regulatory scheme, and is already placing Pennsylvania at the forefront of policy leadership in modernizing notarization. With the passage of SB 595, Pennsylvania will be in a position to create a lasting impact on the Pennsylvania economy and a significant benefit for consumers, businesses, and notaries who rely on notarizations. We urge the State Government Committee to approve the current version of SB 595 and to make these benefits a reality.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Pase". The signature is fluid and cursive, with a large initial "A" and a long horizontal stroke at the end.

Adam Pase  
Co-Founder and COO

Cc: Senate State Government Committee Members