

April 13, 2016
TESTIMONY RELATING TO H 206
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Madam Chair and honorable committee members:

I am Kal Tabbara representing the American Association of Notaries. Thank you for allowing us this time.

H 206 is a well-written bill that clearly defines Vermont's notary laws.

Section §5264 of the bill states that personal appearance before the notary is required for a notarial act to be valid in Vermont.

Our concern is with Section §5275. As written, it would force Vermont to accept notarial acts performed by a Virginia notary via audio/video technology and would not require the personal appearance of a Vermont signer in the notary's presence at the time of the notarization.

Therefore, Section §5275 contradicts Section §5264. We suggest amending this bill to include language that would require all notarial acts performed in other states to comply with Section §5264's requirement for personal appearance of the signer.

Recently, national mortgage underwriters and banker associations have stated concerns to us about remote notarization and I will quickly share two of those:

First - In a recent teleconference with the Uniform Law Commission and through subsequent research, we learned that FreddieMac has responded to the issue of remote notarization crossing state lines (for instance, between Virginia and Vermont) by revising its guidelines in March of this year to say it will only purchase mortgages notarized electronically if the notary public lives in the state where the property is located.

Secondly - Kathleen Murphy president of the Maryland Banker's Association encouraged me to share with you that her association's members cautioned Maryland's legislature recently about adopting remote notarization laws

because FHA hasn't issued guidelines regarding use of remote notarization in relation to mortgage documents and there are still many unanswered questions about it. A copy of their position have been provided to you.

In closing:

The American Association of Notaries is a proponent of the personal appearance requirement whether a notarization is performed electronically or on paper.

We feel that making this change to Section §5275 will help reduce the potential for future litigation and confusion relating to remotely notarized documents and, most importantly, mortgage documents that encumber Vermont properties.

Recently, we helped bring this matter to the attention of the Georgia legislature who decided not to pass a similar bill because of the same language we are expressing concerns about today.

We ask that you take into consideration our concerns and amend the bill accordingly.

Please contact the American Association of Notaries if you need more information.

I welcome your questions.

Thank you for your time.

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Kal Tabbara
President