

## Practical Advice on Witness-Only Loan Closer Fees

By Nicholas Tulve, Jr., ASN Chairman

My previous article announcing ASN's support for Notary Signing Agents, or "Witness-only" loan closers, generated additional questions from our members. Several members had questions regarding the fees they should charge for their services. Neither ASN nor I intend to tell you what is an appropriate fee for you to charge. However, as an experienced, self-employed witness-only loan closer/mobile notary, I can share with you some of the factors you need to take into account to help you establish the minimum fee for which you will work. Remember, you are in business and one of your goals as a businessperson is to make a profit. Consequently, I will list some of the costs associated with running this type of business. Hopefully, this will give you some assistance and insight as to how to set the fees that will benefit your business.

Basically, your expenses fall into three (3) main categories: start-up, annual, and monthly. Nonetheless, there will always be some overlapping amongst the categories so keep that in mind as you read. Neither is my list intended to be exhaustive — I will probably leave out some costs that may be hidden to some but that are very important to others of you. Also, I will not endorse nor advertise any specific product.

That said, let's look at the start-up costs first.

- You need a reliable computer with at least 512-MB memory.
- If you will be downloading documents, it is necessary to have a laser printer. I use a multifunction laser printer/fax. (It also scans and makes copies.) Inkjet printers are too slow and the ink does not permanently bond to the paper unless you purchase special paper. Many lenders will not accept documents printed with inkjet printers.
- In addition, you will need to install a high speed Internet connection such as cable or DSL, or perhaps even satellite depending on your home location. Because it is not unusual for documents to exceed seventy pages in length, you need something that prints quickly (plus, you need to make a copy for the borrower so you'll either make a copy of the original or print the document twice.)

Since your Internet connection is also one of several monthly expenses, let's examine them next.

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- Every month you have to determine what portion of your high-speed connection will be allocated as a business expense.
- Telephones are an important lifeline. Some witness-only closers survive with a cell phone only but this makes sending and receiving faxes difficult. Some lenders require that you fax back certain documents at the conclusion of the loan closing. This necessitates a "fax back" capability. In order to do this, there are several options. Some notary closing agents use a fax machine both to send and receive faxes. Others use an email fax service for this purpose. Still others, and I include myself in this group, use an email fax service for receiving documents but use a regular fax machine to send faxes. Thus, I do not require a dedicated fax line.

This now leads us to annual expenses.

- Automobile insurance. Your insurance premium will increase because you are now using your car for business. You should keep a careful log separating personal travel from business travel. Also remember, the business portion of your travel is tax deductible.
- Car operating costs. It is difficult to determine your actual cost but in 2004, AAA ascertained
  that it cost 56.2 cents per mile to operate your new car. There are other websites that give
  estimates ranging up to \$1.19 per mile. Obviously, this varies greatly depending on your
  area of the country but with today's gasoline prices, I'm confident that these estimates are
  seriously out of date.
- Homeowners insurance. You will need a rider on your homeowner's insurance policy stating
  that you have a business that you operate from your home. This is necessary for the
  protection of your computer, copier, etc. as well as to cover you if a client may become
  injured in your home. (On rare occasions, I have had clients request my home as the signing
  location.)
- E&O (errors and omissions) policy. This is often a "must" because it covers you for inadvertent mistakes that you may make in any of the notarial acts you may perform.
- Business liability policy. You should also investigate a small business liability policy that will
  offer you protection for incidents not covered under your E&O policy.

Lastly, keep in mind the expense of the office supplies. I use LOTS of legal paper but there's also the toner for the printer, binder clips and such. These are all items that, while not expensive in and of themseves, do have to be purchased regularly and their costs do add up.

After you tally up all these expenses, I believe you can get a feel for what it costs each month just to cover the overhead, or how much you will need "to turn on the lights" in your small business. From this you can calculate how many signings you must do at a given fee so that you can pay your bills. Once you determine what you want your fee to be, you may also need to decide if you might be willing to work for less. But keep in mind that you also don't want to sell yourself short — in this day and age, driving 40 miles one way for \$50 is a losing endeavor.

Until next time... •