

Underwriting Bulletin: UNTX2023-003

Date: April 12, 2023

To: All Texas Agents

From: FNTI Underwriting Department

RE: **Use of RON (Remote Online Notarization) for a Foreign Signatory**

Part of the RON process includes a multi-step verification composed of Identity Proofing utilizing dynamic Knowledge-Based Authentication, known as KBA, and Credential Analysis.

The RON provider uses secure third-party data sources to generate the *Knowledge-based Authentication* (KBA) questions. With knowledge-based authentication, the signatory must correctly answer a set of computer-generated questions related to their life, credit and financial history.

One drawback to KBA is that it cannot be used to identify foreign citizens who lack a Social Security number and/or State issued photo DL.

The RON provider will request an override in writing from the Underwriter to proceed without the KBA questions to satisfy the Identity Proofing component of the RON process. We do not authorize a bypass or issue overrides for this situation due to the high degree of fraud, forgery and imposters on real estate transactions.

Texas Administrative Code

<u>TITLE 1</u>	ADMINISTRATION
<u>PART 4</u>	OFFICE OF THE SECRETARY OF STATE
<u>CHAPTER 87</u>	NOTARY PUBLIC
<u>SUBCHAPTER H</u>	MINIMUM REQUIREMENTS FOR ONLINE NOTARIZATIONS
RULE §87.70	Identity Proofing and Credential Analysis Standards

(b) Identity proofing is performed through dynamic knowledge-based authentication which meets the following requirements:

- (1) principal must answer a quiz consisting of a minimum of five questions related to the principal's personal history or identity, formulated from public and proprietary data sources;
- (2) each question must have a minimum of five possible answer choices;
- (3) at least 80% of the questions must be answered correctly;
- (4) all questions must be answered within two minutes;
- (5) if the principal fails their first attempt, they may retake the quiz one time within 24 hours;
- (6) during the retake, a minimum of 60% of the prior questions must be replaced; and
- (7) if the principal fails their second attempt, they are not permitted to retry with the same online notary public for 24 hours.

This Underwriting Bulletin becomes a part of the principles and practices with which you are to comply under the terms of your Underwriting Agreement with First National Title Insurance Company. Should the content of this bulletin address the closing and escrow function, this information should be considered a directive and part of the principles and practices if non-compliance would result in liability to FNTI under either the insured closing service letter or policy of title insurance notwithstanding that the Underwriting Agreement does not include the closing and escrow functions of your agency.