

# E&O Guide for Loan Signing Agents and Notaries Needing E&O

## What is E&O?

E&O stands for Errors and Omissions Insurance. A requirement for California notaries is a \$15,000 bond. The bond and the E&O are two different types of insurance.

## How does the notary bond and E&O work together?

California requires the notary bond to protect the public. If you make a mistake as a notary, the \$15,000 bond will provide some compensation to the member of the public who was harmed by your actions. However, the bonding company pays the money but comes after you, the notary, for reimbursement. You are expected to pay back the \$15,000. E&O protects you, the notary. If you make an error while notarizing a document, your E&O policy will cover you up to the amount of the policy.

For example, let's say you forget to put the date on an acknowledgment when you are notarizing loan documents. In a worse case scenario, the lender could refuse to make the loan and the buyer may be unable to buy the home as contracted. Since you, as the notary, made the error, the home buyer could sue you for their loss. If you are sued for \$15,000, the bond pays the \$15,000 and comes to you for reimbursement. If you do not have E&O, the \$15,000 comes from your assets. If you have \$15,000 or more E&O, the E&O covers the bond and you do not pay anything.

Using the same example, let's say that you get sued for \$50,000. If you have no E&O, the bond pays the \$15,000, and you pay back the \$15,000, but the additional \$35,000 is awarded to the buyer and you are expected to pay that amount too, a total of \$50,000. If you have \$15,000 E&O, the bond get reimbursed for the \$15,000 and you pay the remaining \$35,000. If you have \$100,000 E&O, the entire amount is covered and you pay nothing.

## How much E&O should you purchase?

If you are not doing any high value notaries, or doing very few, you may decide not to get E&O. On the other hand, most loan signing agents usually buy \$100,000 E&O policies because some of the signing agencies that hire signing agents require \$100,000 in coverage. You can buy less but you may not have as many opportunities to do loan signing work. Signing agencies want you to have high coverage because they do not want to have to pay for your mistakes.

## I'm not ready to do loan signing. I'm still taking the class. Can I wait to buy the E&O?

Yes, you can wait. However, you may end up paying a lot more for the policy. If you do not buy the E&O policy at the time that you purchase your notary bond, you have only a limited amount of time, 90 days, in which to purchase the E&O at the current price of \$170 for \$100,000 E&O coverage for the full four years of your commission. If you wait for more than 90 days, you will be paying a much higher price for your E&O (currently \$468 for four years). Therefore, make a decision quickly on the E&O in order to get the lowest price. Unfortunately, there is no exception to this requirement.

## I already purchased a bond from somewhere else. Can I buy your E&O?

No, we offer our E&O at a good price but only to cover a bond purchased through us. If you purchase your bond elsewhere, you cannot purchase the E&O from us unless you also buy a notary bond from us and record our bond and not the other bond that you purchased. Most companies will refund the cost of the bond.

Are your prices competitive?

Yes, see the below comparison.

## Loan Signing Agents - Comparison Price Page

If you became a notary to increase your income, don't spend too much. See what you get for your money:

	NotaryX.com	National Notary Assoc. ®
\$15000 4-year Bond	✓ Travelers Insurance	✓ Merchant's Bonding
Notary Stamp	✓ Self-Inking	✓ Self-Inking
Journal	✓ Compact Journal	✓ Basic Journal w/ Privacy Guard
Thumbprinter	✓ Inkless	✓ Inkless
4-Year Hotline		✓ Live by phone
4-Year \$100,000 E&O	✓ Travelers Insurance	✓ Merchant's Bonding
Locking Supply Case	✓ Vaultz ®	
Notary Travel Stamp	✓ Pre-inked - Small Impression	Note: If you've already ordered from the NNA®, call them and ask for a refund.
Acknowledgment Stamp	✓ Pre-inked with Notary Name	
Jurat Stamp	✓ Pre-inked with County	
Date Stamp	✓ Self-inking	
Note Pad and Other	✓ Fits in Supply Case	
<b>Total Cost</b>	<b>\$365</b>	<b>\$611</b>

To order the above, go to NotaryX.com.