



The Proof Is in the Paper — or Is It?

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In yesterday's world, paper was king. Paper stood up to the immutability test. A piece of paper served as the ultimate evidence for business transactions. Even as new digital formats became available, we still modeled the digital process around “documents” that were stored in formats modeled after paper (e.g. PDF, TIFF). Since you can hold it in your hand, paper may feel more tangible as a source of proof than data and thus seem more reliable when verifying originality and authenticity of versioning and information. But it's risky to become overly trusting of paper as the be-all and end-all authority for verification purposes since it can be photoshopped or otherwise altered. This is also true for digital versions of documents (PDF, scans), which are often erroneously considered the equivalent of the data of that document.

Some of that bias toward paper over digital still lingers today, long past its

usefulness in a world that now offers access to better, truly data-based solutions. If presented with data from a mobile app or a piece of paper, there is a good chance a court would side with paper-based evidence over electronic data since the old way of thinking is that paper is immutable and can't be changed. We have yet to make the leap from paper or digitized-paper to pure data. Until now.

If you think about it, without even realizing it, the world has already started its shift toward equating digital currency and digital paper with the physical form of paper.

Otherwise, we wouldn't put our money in banks since the reality is that not every person could go to the bank at once and cash out their bank account into physical dollars—there simply isn't enough physical currency available.

Despite this reality, we trust that our money is there based on what

our digital bank balance on our smartphone shows us even if under certain circumstances it might not be there. Shifts in thinking like this are why digital versions of what could be printed are generally viewed as physical documents even if they are never printed—and even though digital documents, just like paper, are far from being protected against alteration.

Scanned documents are another form of digital document that is often given greater authority than it should have since these too can be altered with a little ingenuity.

What's more, these digital documents are also prone to versioning problems, whether you send a link to the document or the document itself.

If you consider digital documents and data the same thing, then how do you know which one is the correct version?

Understanding that data has moved into a preferential position ahead of paper and digital files requires developing a better understanding of what true data really is and recognizing the advantages of using pure data as the verification medium.

Many people have yet to make the leap from seeing paper or digitized paper as the best proof of truth and originality. Yet there is a sea of change underway now since new blockchain-based tools are proving without a doubt why data, when used with the right framework as a solution, has the potential to be recognized as the king it really should be.

Specifically, blockchain tools from Factom introduce a unique approach to data proofs and tamper-resistant evidence. Having a trusted third party store the proof of the digital documents or data solves compliance problems for the mortgage industry in a way that simply relying on paper or digital documents themselves never did. Rather than store private documents or data on the blockchain, Factom only publishes one-way hashes of the data as cryptographic proofs.

Factom also stores metadata that allows for fast cataloguing and retrieving of digital asset information. Since it's much harder to prove what hasn't happened than what has happened, entries in the Factom system are time-stamped and sequential. That means the system can prove what's there and what's missing; it's like a filing cabinet of paper except that it can never be physically stolen or digitally compromised.

The mortgage industry has grown accustomed to having to recreate the truth in the case of a dispute over accuracy or authenticity of documentation. But whether you're dealing with audits, foreclosures, lawsuits or regulatory reviews, it's always better to have the proof already than to be forced to try to recreate the truth. This is where blockchain technology powered by Factom Harmony comes in. This technology allows the mortgage industry to reclaim the power of data.

The power of blockchain is what actually makes data the mortgage industry's strongest asset. With Factom Harmony, even if information gets altered or changed, you can still prove your original point. It's time to stop assuming the authority of tools based on a different era. We need to collectively move beyond the mentality that views physical documents, or even their counterpart

digital documents, as the indisputable law or truth.

With this new blockchain-based approach, data becomes a more reliable source than any physical paper trail, even if the latter involves notarized paper or digital documents.

Equator® has integrated the Factom Harmony platform into the Equator® PRO solution to help servicers increase efficiency and vendor oversight across the default servicing process. Integrating Factom Harmony into Equator® PRO has allowed Equator® to carefully track and protect transaction activities, data, events and decisions in one place with the power of blockchain.

Please contact Equator® today to find out how you can POWER your workstation with blockchain technology.

