Signature Requirements

WHY DOES FHLBANK REQUIRE "WET" SIGNATURES ON PROMISSORY NOTES?

FHLBank Topeka often receives this question, and it's understandable given today's technology. Electronic signatures are efficient for members and borrowers, but legal barriers prevent FHLBank from accepting them on promissory notes (including assumptions or endorsements).

WHAT IS AN ELECTRONIC SIGNATURE?

Electronic signatures can be symbols, sounds, scanned images of handwritten signatures, or secure PINs. In practice, most members use platforms like DocuSign or Adobe Acrobat Sign, which are widely accepted for contracts and business transactions.

WHY ARE PROMISSORY NOTES DIFFERENT?

Under U.S. law, promissory notes are treated differently. FHLBank must consider how electronically signed notes are handled under the Uniform Commercial Code (UCC), especially regarding transfer and enforcement in secondary markets.

The main issue: the laws authorizing electronic signatures—the Electronic Signatures in Global and National Commerce Act (E-Sign) and the Uniform Electronic Transactions Act (UETA)— do not apply to UCC rules governing secured transactions.

FHLBank must also prove it holds the single "authoritative copy" of a transferable record. Currently, electronic signatures do not provide that protection if loans must be liquidated. Until E-Sign, UETA, or UCC provisions are amended, FHLBank cannot accept electronic signatures on promissory notes.

WHY "WET" SIGNATURES MATTER

Wet signatures ensure enforceability, transferability, and collateral value, making them essential for FHLBank operations.

Exceptions

- FHLBank allows modifications, extensions, and renewals with electronic signatures if they meet requirements.
- FHLBank accepts eNotes—promissory notes originated, signed, and stored electronically in an eVault.

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