

E Records and E Signatures: Emerging Technology and Business Applications in Financial Services

SPeRS / Electronic Financial Services Council

Glasser Legal Works Seminar

Crowne Plaza Hotel

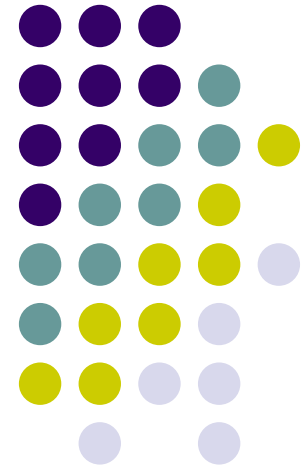
Washington, DC

November 8-9, 2004

Carmelo D. Bramante

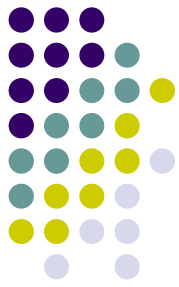
Co-Chair of the PRIA Technology Committee

Official Observer to the NCCUSL Drafting Committee of the Uniform Real Property Electronic Recording Act (URPERA)



Electronic Recording

Presented by:



- Carmen Bramante
- Sixteen (16) Years with Fannie Mae
 - Mortgage Operations
 - Credit Policy and Counter-Party Risk
 - Mortgage Servicing and Investor Reporting
 - Loan Default Management, Loss Mitigation and Foreclosure
 - eBusiness: eMortgage origination, closing, servicing, and eRecording
- Six (6) Years in the U.S. Senate; legislative assistant for domestic policy, including housing and community development
- Assistant Town & City Clerk, Land Records Division, Hartford CT
- Master's Degree in Public Policy, NYU; Bachelor's Degree from UConn
- PRIA, MBA/MISMO, NCCUSL, and State eRecording Task Forces in CA, MN, FL, UT, TX, CO, WA, MI, and NC!



Agenda



- **PRIA**
- **eRecording Standards**
- **URPERA**
- **eRecording Today**

What is the PRIA?



- **PRIJTF created in 1998**
 - Property Records Industry Joint Task Force – NACRC & IACREOT
 - Public/Private Sector Partnership – GSEs, Lenders, Title Companies, Recording Systems Vendors, and other industry associations (ALTA, NNA)
- **PRIJTF restructured to the PRIA in 2002**
 - Property Records Industry Association
 - 501(c)(3) Non-profit Corporation
- **PRIA is a standard-setting organization**
 - Standards for both “Paper” and “Electronic”
- **PRIA is an education association**
- **PRIA is an alliance partner**
 - Mortgage Bankers Association (MBA) / Mortgage Industry Standards Maintenance Organization (MISMO)



PRIA Background



- The co-sponsors of the PRIA, are the two national associations representing local property records government agencies:
 - The National Association of County Recorders, Election Officials and Clerks (NACRC); and
 - The International Association of Clerks, Recorders, Election Officials and Treasurers (IACREOT).
- The PRIA includes more than 350 public and private sector members.
 - There are 268 public sector members from small, mid-size and large recording jurisdictions
 - Private-Sector participation include over 90 members representing title companies and underwriters, mortgage lenders and financial institutions, and technology solution providers.

PRIA Executive Board

Public Sector Representatives

President **Hon. Mark Monacelli** - NACRC

Vice President **Hon. Bettie Johnson** - IACREOT

Ms. Carolyn Ableman - NACRC

Hon. Maxine Olson-Hill - NACRC

Hon. Kathi Guay - NACRC

Hon. Steve McDonald - IACREOT

Hon. Joan McCalmant - IACREOT

Hon. Judy Gibson - IACREOT

Private Sector Representatives

Secretary **Mr. Richard W. McCarthy** - American Land Title Association

Treasurer **Ms. Sybille Sauerbrun** - Wachovia Retail Credit Services

Mr. John Richards - Fannie Mae

Mr. David Ewan – Legal Consultant to the New Jersey Land Title Association

Mr. Darren Ross - Stewart Information Systems

Advisory Members

Mr. Milton G. Valera - National Notary Assoc.

Mr. Carl Ernst - Ernst Publishing Company

Mr. John L. Jones - Arion Zoe Corp.

Hon. Helen Purcell – Recorder, Maricopa County AZ

Ms. Carol Foglesong - Assistant Comptroller,
Orange County FL



PRIA Organization

- Administration**
Mike Borden
- Membership
- Newsletter
- Website
- Education Committee**
John Jones
Carol Foglesong
- Property Records Education Partners
- Speakers Bureau
- Finance**
Sybille Sauerbrun
Mark Monacelli
- Legislative and Public Policy Committee**
Bettie Johnson
- Publicity Committee**
Milt Valera
Bettie Johnson

Standards Committee

Darren Ross
Kathi Guay

1st Page Indexing Requirements

Indexing

Archival Backup & Disaster Recovery

Jim Harper
Joan McCalmant

Notary

Document Formatting

Parcel Code Review

Diane Swoboda-Peterson
Jay Sibley

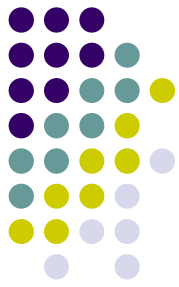
Project Active

Project Complete

- Real Property Law Committee**
David Ewan
- Mortgage Satisfaction Act Workgroup**
Kate Teal
- Uniform Electronic Recording Act Workgroup**
Carmen Bramante
Helen Purcell
- Records Access Policy Advisory Committee**
Steve McDonald
Darity Wesley
- Privacy Access Workgroup**
Darity Wesley
- Military Discharge Records Workgroup**
- State Advisory Council**
Judy Gibson
Carolyn Ableman
- Technology Committee**
Carmen Bramante
Mark Ladd
- XML eRecording Workgroup**



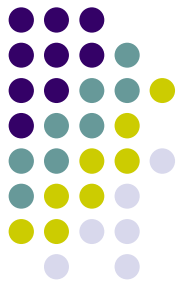
PRIA Accomplishments and Projects in the works



- Real Estate Document Formatting(Complete)
- Indexing Standards (C)
- Notary Standards(C)
- Recorders Guide to Revised Article 9 (C)
- Records Access Policy Committee (Active)
 - Military Discharge (DD14)(C)
 - Privacy Access Work Group(A)
 - SSNs and the Internet(A)
- Uniform Real Property Electronic Recording Act . . .(C)
- Uniform Mortgage Satisfaction Act(C)
- Electronic Recording Standards(A)
- First Page Indexing Requirements(A)
- Parcel Code Review Committee(A)
- State Advisory Council (SAC)(A)
- Backup and Disaster Recovery Workgroup (A)
- Property Education Partners Project (PREP)(A)



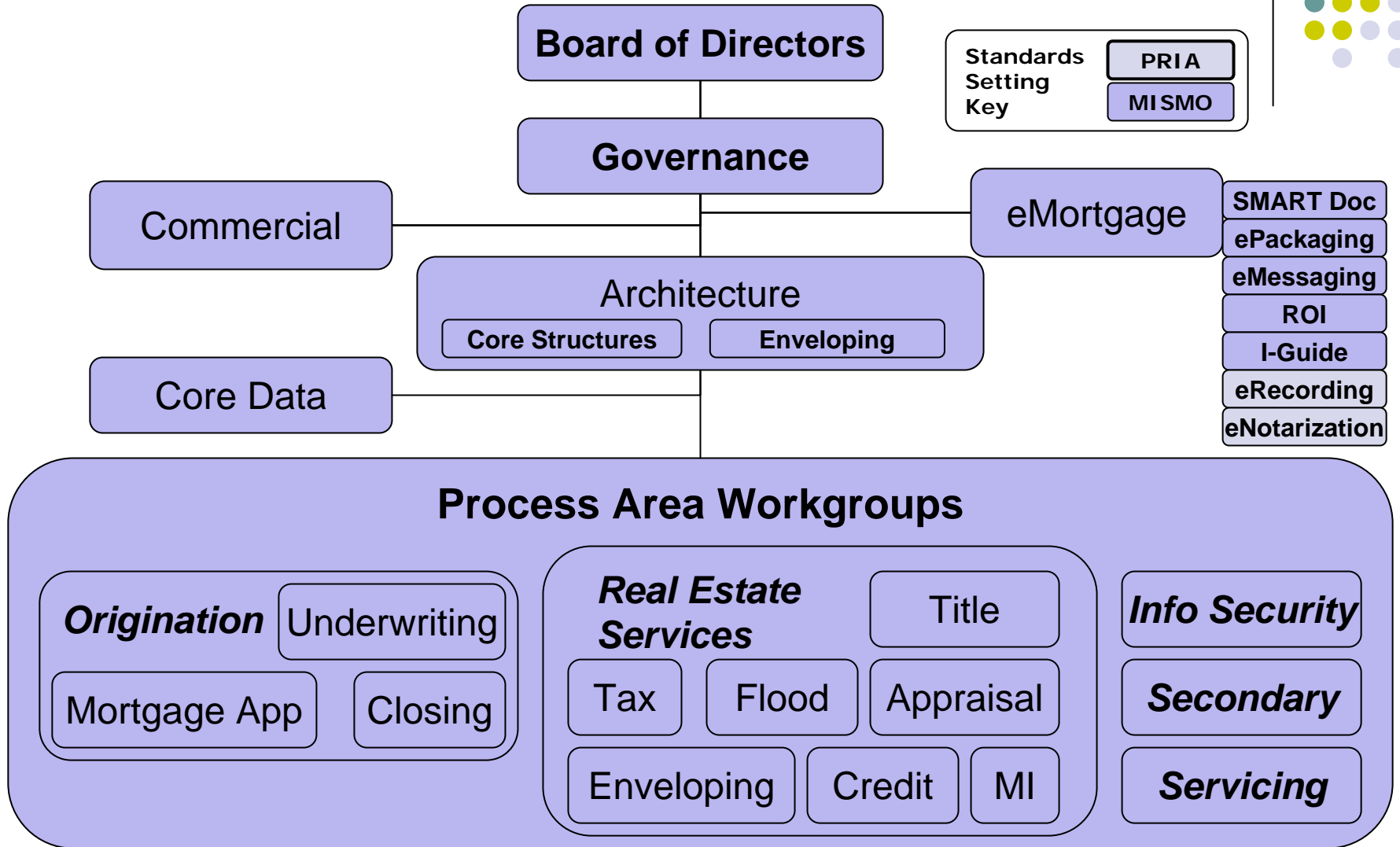
Agenda



- **PRIA**
- **eRecording Standards**
- **URPERA**
- **eRecording Today**

MBA / MISMO Organization

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What PRIA has accomplished with eRecording Standards



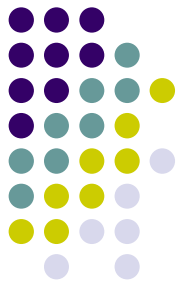
- eRecording XML DTD (document type definition)
 - v 1.2 published and synched with MBA / MISMO
 - v 2.0 completed public comment period; preparing for publication; will submit to MISMO for synching
- eNotary XML DTD
 - v 2.0 completed public comment period
 - preparing for publication; will submit to MISMO for synching
- Request/Response XML DTD
 - v 2.0 completed public comment period
 - preparing for publication; will submit to MISMO for synching
- Logical Data Dictionary (LDD)
 - v 2.0 completed public comment period
 - preparing for publication; will submit to MISMO for synching
- MISMO synchronization process: to avoid data collision
- iGuide work continuing
(implementation guide for eRecording XML DTD)
- Standards and LDD are available @ www.pria.us

Where is PRIA going with eRecording Standards



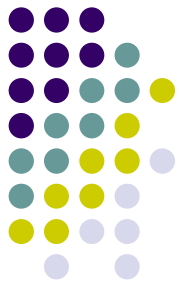
- Modularize PRIA container elements in anticipation of schema
- Complete eRecording DTD iGuide
- Publish DTDs
 - v 2.0 Logical Data Dictionary
 - v 2.0 eRecording
 - v 2.0 eNotary
 - v 2.0 Request/Response
- Research Compliance Certification National eRecording XML Standards
- Publish the “URPERA Enactment and eRecording Standards Implementation” Guide

PRIA and MISMO Alliance



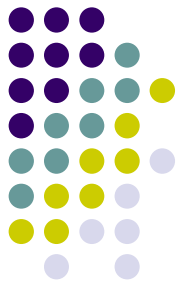
- **PRIA and MISMO / MBA**
 - **Alliance agreement**
 - Joint review and adoption of data specifications
 - Share resources for development and tracking of specifications
 - Cross-membership
 - Move toward implementation of SMARTDocs – electronic document format
 - Preparing and testing schema – next generation XML data and structure standard
 - Joint review and adoption of common security policies
 - **Major Benefits**
 - Alignment of technology standards
 - Efficient use of resources
 - Share information – no surprises

Other PRIA Relationships



- MISMO (in addition to XML data standards)
 - Security Committee
 - SISAC Advisory Committee
- LegalXML
 - eCourt Filing Technical Committee
 - eNotary Technical Committee
- American Bar Association (ABA)
 - eTrust Workgroup

Other PRIA Relationships



- National Association of Secretaries of State (NASS)
 - Notary Public Administrators
 - Notary issues
 - Signatures, PKI, and Seals
 - “eNotarization for eMortgages” Case Study Evaluation Project – PRIA, MBA and ALTA
- Electronic Financial Services Council (EFSC)
 - SPeRS 2.0 Drafting Efforts to address eRecording
 - SPeRS: Standards and Procedures for electronic Records and Signatures

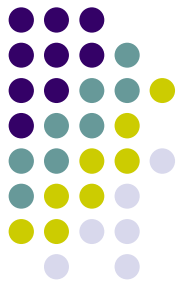
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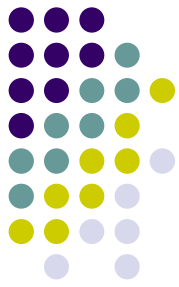


eGovernment Filings & Recording



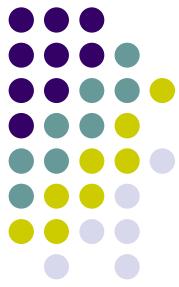
- UETA: Government agency may elect whether to accept eFilings, and can specify formats and standards for the same
 - Sections 17, 18 and 19
- E-SIGN: Similar nod to state (and federal) agencies' ability to continue requirements that "records be filed...in accordance with specified standards or formats"
- URPERA: Provides "overlay" law to state recording statutes and establishes state commission / utilizes existing state agency to develop and maintain e-recording standards based on national standards (PRIA)

URPERA



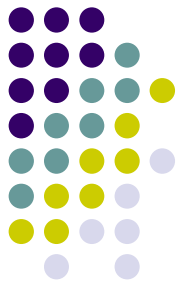
- NCCUSL work began in mid-late 2002
- First drafting session in February 2003
[feb2003draft.pdf](#) – 31 Sections
- Six (6) drafting sessions
- Final draft August 2004
[Approvedfinal2004.pdf](#) – 8 Sections

URPERA



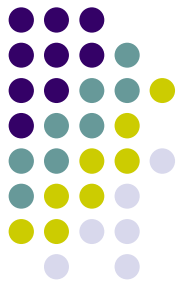
- **Final Draft that will be sent to the States**
 - Section 1. Short Title
 - Section 2. Definitions
 - Section 3. Validity of Electronic Documents
 - Section 4. Recording of Documents
 - Section 5. Uniform Standards
 - Section 6. Uniformity of Application and Construction
 - Section 7. Relation to Electronic Signatures in Global and National Commerce Act (ESIGN)
 - Section 8. Effective Date

Agenda



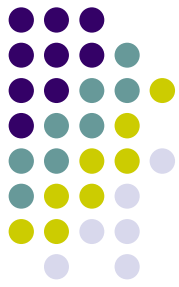
- **PRIA**
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eRecording Today



- Models of ER
 - 1 – images
 - 2 – images and data
 - 3 – SMARTdocs / xhtml (data and presentation in one file)
- Documents eRecording
 - lien releases (majority of today's counties)
 - closing docs
 - G2G
 - state tax liens
 - court filings in land records

eRecording Today



- 52 jurisdictions now ER enabled
- 20 additional jurisdictions by the end of 2004

52 Jurisdictions eRecording Today



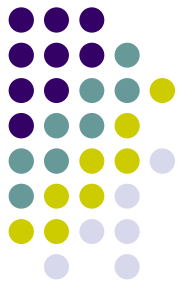
- Maricopa AZ
- Orange CA
- San Mateo CA
- Riverside CA
- San Bernardino CA
- Santa Clara, CA
- Boulder CO
- Douglas CO
- El Paso CO
- Broward FL
- Duval FL
- Orange FL
- Cook IL
- Dupage IL
- Winnebago IL
- Wyandotte, KS
- Gloucester, MA
- Worcester MA
- Macomb MI
- Oakland MI
- Ottowa MI
- Lyon MN *
- Dakota MN *
- Hennepin MN *
- Renville MN *
- Roseau MN * * Temporarily on Hold
- Boone MO
- City of St. Louis MO
- Mecklenberg NC
- Gloucester NJ
- Monmouth NJ
- Washoe NV
- Tulsa OK
- Wasatch, UT
- Lancaster PA
- Philadelphia PA
- Denton TX
- Tarrant TX
- Salt Lake UT
- Utah UT
- Fairfax VA
- Snohomish WA
- King WA
- Brown WI
- Chippewa, WI
- Dane WI
- Kenosha WI
- Milwaukee WI
- Portage WI
- Racine WI
- Washington WI
- Washington D.C.

20 or more will be eRecording by the end of 2004



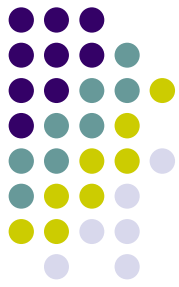
- Contra Costa CA
- Trinity CA
- Kern CA
- Palm Beach FL
- Pinellas FL
- Polk FL
- Seminole FL
- Champagne IL
- McHenry IL
- Grand Traverse MI
- Cache, UT
- Cuyahoga OH
- Hamilton OH
- Franklin OH
- Williamson TX
- Pierce WA
- Clark WI
- Kenosha WI
- Portage WI
- Waupaca WI
- Plus more counties in:
 - CO
 - MA
 - MI
 - NJ
 - PA
 - TX

eRecording Today



- eRecording of Real Estate Documents
 - satisfactions or lien releases – majority of today's counties
 - closing docs – no more than 6 counties
 - G2G – state and county tax liens and releases
 - other real estate docs, e.g., assignments; court documents affecting land records, e.g., divorce decrees, judgements – only in a few of counties

E-Recording Models



- About 52 counties doing E-Recording
- 3 Models of E-Recording for real estate transactions

Model 1 - Electronic transmission of scanned paper

Model 2 - Images with XML data wrapper

- electronically signed images
- scanned paper

Model 3 - Digitally signed XHTML electronic files or records -
i.e., SMARTdocs

“Just Data” Model – Data transmission to a document template, usually no signatures are required; e.g., tax liens and releases, UCC financing statements

- Not all 3 Models realize every one of the following expected benefits:

Expected Benefits of eRecording



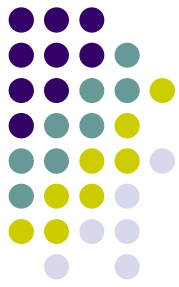
- Reduces Recording Time / Improves Throughput
- Reduces Errors due to Re-keying of Data
- Reduces Costs to all Parties
- Improves Productivity
- Reduces document fraud
- Standardizes processes and formats
- “SMART” documents feed processes and systems
- Uses open and non-proprietary systems and formats
- Improves customer service and satisfaction

eRecording Challenges



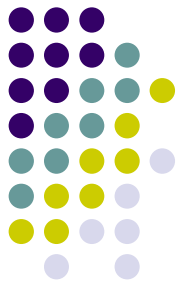
- Implementation of industry standards:
 - XML and electronic file format
 - e-signatures
 - security & PKI
 - data packaging (e-packaging)
 - transmission protocols (e-messaging)
- Standards compliance
- eRecording Systems Development and Deployment
- Connectivity with Industry Infrastructure

eRecording Challenges



- State eNotarization Requirements
- County Budgets / Technology Deployment
- Universal Electronic Payment (for Recording Fees)
- Market Adoption and Use
- Security and Privacy

Industry Challenges



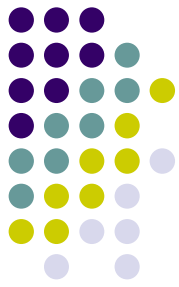
- Transition Period from Paper to all “E” Mortgage
- Multiple Processes during transition period
- Lender and Investor Requirements
- Understanding the Legal Landscape
- Implementing new technologies vs legacy systems
- Security and Privacy

Industry Challenges



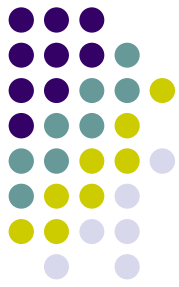
- Creating, executing, transferring and storing mortgages electronically
- Connecting key parties together, e.g., lender, title company, closing agent, notary public, county recorder, investor)
 - Collaborating on e-documents
 - Sharing data
- Integrating technology to reengineer the business process
- Providing value to the consumer and other parties to the transaction
- Ensuring secure transaction, storage and privacy
- Overcoming industry fragmentation

Industry Challenges



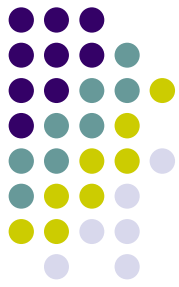
- Readiness of County Recorders for eRecording
- Ease of adoption for industry players and consumers
- Implementing and adhering to industry data and document standards
- Developing and deploying systems based on industry standards
- eNotarizing in a uniform manner across the various States
- Automating payments, e.g., County Recorders, closing agents, etc.
- eMortgage Promissory Note (Section 16 UETA / Title II E-SIGN transferable record”) – SOLVED: Industry supported the creation of the MERS eNote Registry

Potential Benefits of eMortgages and eRecording



- Achieve cost savings from origination through delivery, for example:
 - Reduce paper and time in the origination, closing, recording and servicing
 - Eliminate data redundancy and reconciliation
 - Reduce manual processes
 - Eliminate paper-based processes
- Gain more control over the mortgage and recording process
- Enhance customer service
- Streamline transactions among and between parties

Questions?



Carmelo D. Bramante

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(PRIA)

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