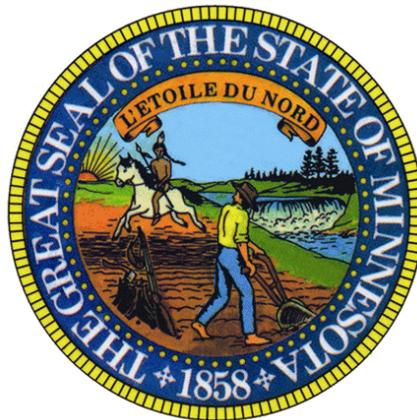


ELECTRONIC REAL ESTATE RECORDING TASK FORCE

2008 LEGISLATIVE REPORT

For the time period of: January 15, 2007 – January 15, 2008

This report can also be found at: <http://www.sos.state.mn.us/home/index.asp?page=364>



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MINNESOTA SECRETARY OF STATE OFFICE
Mark Ritchie, Secretary of State

January 15, 2008

To: Minnesota Legislators

From: Minnesota Electronic Real Estate Recording Task Force

This report from the Electronic Real Estate Recording Task Force is for the time period of January 15, 2007 to January 15, 2008.

If you have any questions related to this or require a personal briefing contact Bert Black, Office of the Secretary of State Legal Analyst, at bert.black@state.mn.us or 651-201-1326.

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EXECUTIVE SUMMARY

The Electronic Real Estate Recording Task Force (Task Force) has been working in one form or another since 1999 and this effort will continue until June 30, 2008, at which time their authority ends. The goal of the Task Force is to provide uniform, statewide standards for the filing of residential real estate documents in electronic formats.

Legislation was introduced in 2007 to adopt the Uniform Real Property Electronic Recording Act (URPERA) in Minnesota, with the intent to modernize real property law for the 21st Century. URPERA is designed to help state administrative agencies meet the demands of the public for quick identification of title ownership. This legislation is herein referred to as the Minnesota Real Property Electronic Recording Act (MN-RPERA). (*Appendix A*).

MN-RPERA is an essential compliment to Minnesota, as Uniform Electronic Transaction Act (UETA) has already been adopted as an extension of that law's effectiveness. The basic goal of MN-RPERA is to create legislation authorizing land records officials to begin accepting records in electronic form, storing electronic records, setting up standardized systems for searching and retrieving these land records, and creating the Electronic Real Estate Recording Commission.

The Task Force's main responsibility is to develop standards for the six pieces to the residential real estate filing process and implement pilots for each.

1. Certificate of real estate value (CRV)
2. Assignments of mortgage
3. Satisfactions of mortgage
4. Certificates of Release of mortgage
5. Deeds
6. Mortgages (Security Instruments)

Accomplishments over the past twelve months include:

- Expanding the number of counties authorized to electronically record by 9 counties, making a total of 39 counties authorized to electronically record in model 3.
- Authorizing electronic recording for 15 pilot counties in model 2, which has increased the number of electronic recordings substantially.
- Educating stakeholders by presenting at various industry conferences, meetings, etc. throughout the year.
- Enhanced the software vendor validation process, with the anticipation of validating two new vendors by early February.
- Authorizing and monitoring the significant progress of eight subcommittees.

The ***objectives*** of the Task Force have remained the same through the years:

- To establish and enforce uniform standards for recording electronic real estate documents.
- To promote uniformity within Minnesota counties regarding electronic recording.
- To decrease the number of rejections.
- To streamline the process for the customer and in the county “backroom”.
- To make the information available more expeditiously.
- To partner with national organizations, industry stakeholders, and state and local government officials in achieving the objectives.
- To achieve 100% county participation.
- To address legal issues such as authenticity, security, timing and priority of recordings, and the relationship between electronic and paper recording systems.

The *keys to success* for this project are:

1. Standards

E-recording cannot move forward for real estate transactions without agreement on appropriate standards that enable the various parties to transact. If each of the thousands of participants, from county recorders to mortgage lenders, and from real estate brokers to settlement agents uses different sets of standards for their respective parts of the transaction, little will be accomplished.

In addition, these standards need to be monitored and revised by a governing body such as the Electronic Real Estate Recording Commission (Commission).

2. National Organization Involvement

A number of standards setting organizations exist. Each controls an area particular to its technology, industry or geographic area. These organizations work to provide model standards needed to create, manage, store, transmit, search, retrieve and archive documents involved in the electronic recording process. The Task Force has collaborated with these organizations throughout the process to insure Minnesota's uniformity nationally to the extent possible.

3. Stakeholder Contribution and Education

The Task Force recognizes the importance of stakeholder contribution and communication distribution. Keeping those involved in and educated about the process has been of great value.

4. Pilot Counties

County recorders and registrars of title throughout Minnesota work very hard to operate their offices efficiently and cost-effectively, and to date they have succeeded. The counties contribution to this statewide initiative has been invaluable and their continued involvement is vital to the success of electronic recording in Minnesota.

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LEGISLATIVE REQUIREMENTS

AUTHORIZING LEGISLATION

Minnesota Statutes 507.094 authorized the re-formation of the current Task Force to continue the work as established under Laws 2000, chapter 391; to implement and make recommendations for implementation of electronic filing and recording of real estate documents. The Task Force consists of 17 members. The secretary of state is a member and the chair. Members who are appointed under this section shall serve for a term of three years beginning July 1, 2005. The task force includes:

- (1) four county government officials appointed by the Association of County Officers, including two county recorders, one county auditor, and one county treasurer;
- (2) two county board members appointed by the Association of Minnesota Counties, including one board member from within the seven-county metropolitan area and one board member from outside the seven-county metropolitan area;
- (3) seven members from the private sector recommended by their industries and appointed by the governor, including representatives of:
 - (i) real estate attorneys, real estate agents;
 - (ii) mortgage companies, and other real estate lenders; and
 - (iii) technical and industry experts in electronic commerce and electronic records management and preservation who are not vendors of real estate related services to counties;
- (4) a nonvoting representative selected by the Minnesota Historical Society; and
- (5) two representatives of title companies.

NATIONAL LEGISLATION

In 1999 the Uniform Law Commissioners promulgated the Uniform Electronic Transactions Act (UETA). This act adjusted statute of fraud provisions to include electronic “records” and “signatures” for the memorialization of all kinds of transactions, including basic transactions in real estate. Minnesota adopted UETA in 2000.¹

Real estate transactions, however, require another step not addressed by UETA. Real estate documents must be recorded on public records to be effective. Recording takes place in most states in a county office devoted to keeping these records. Recording protects current interests in real estate by clarifying who holds those interests.

There must be an orderly conversion of every recording office in Minnesota for electronic recording to become accepted universally. While UETA was the starting point there is still the need for addressing the next step and MN-RPERA does this.

The URPERA, promulgated by the Uniform Law Commissioners in 2004 and introduced as MN-RPERA to the Minnesota legislature in 2007 is the essential starting point for the expansion of electronic recording in Minnesota.

MN-RPERA does three simple things designed to have far-reaching effects:

1. “Equates electronic documents and electronic signatures to original paper documents and manual signatures, so that any requirement for originality (paper document or manual signature) is satisfied by an electronic document and signature.”
2. “Establishes what standards a recording office must follow and what it must do to make electronic recording effective.
3. “Establishes a commission to set statewide standards and requires it to set uniform standards that must be implemented in every recording office.”²

¹ MN Statutes 325L: http://www.revisor.leg.state.mn.us/bin/getpub.php?pubtype=STAT_CHAP&year=current&chapter=325l

² This background information is from <http://www.nccusl.org>, the website of the National Conference of Commissioners on Uniform State Laws (NCCUSL). According to the NCCUSL website, “[t]he National Conference of Commissioners on Uniform State Laws has worked for the uniformity of state laws since 1892.

INTRODUCTION

Electronic communications make it possible to conduct old transactions in new forms. Some of the oldest kinds of transactions governed by law are transactions in real estate: for example, sales, leases and mortgages. Writing, printing and more universal literacy brought paper deeds, mortgages and leases, memorialized by words on paper with manual signatures. These were filed in public records to establish who had rightful title to any piece of land. Several centuries have gone by since that initial migration to the then new technology of paper documents and manual signatures.

A new technology of computers, software to run them and electronic communications has come to replace paper. The law of real property must now make a transition to accommodate the new technology. The efficiency of real estate markets make this imminently necessary.

In recent years, major changes in land development practices, mortgage financing, and conveyancing have increased the volume as well as the complexity of the documents that are presented for recording at county recorder's offices throughout Minnesota. In addition, rejection rates have increased and so has frustration with some aspects of land records system.

The Task Force has recognized that having an Electronic Recording (ER) system results in land records officials confidently accepting records in electronic form, storing electronic records, and setting up systems for searching and retrieving these land records. Rejections are rare in an electronic system as the submitter is "informed" of missing requirements immediately and they can correct their recording immediately.

Minnesota must continue to build on the standards of an ER system that has already been implemented. Standards are designed to help state administrative agencies such as the proposed Electronic Real Estate Recording Commission, meet the demands of the public for quick identification of title ownership. An electronic system also streamlines the real estate transaction resulting in a benefit to consumers and to every facet of the real estate industry.

WHAT IS AN ER SYSTEM?

A publicly owned and managed county system, defined by statewide standards, that does not require paper or "wet" signatures, under which real estate documents may be electronically:

1. created, executed and authenticated;
2. delivered to and recorded with, as well as indexed, archived, and retrieved by, county recorders and registrars of title; and
3. retrieved by anyone from both on- and off- site locations.

Because this is a set of standards, not a system, Minnesota counties can choose from among several vendors with approved software to implement this on their county computers or they can write their own software to the standards.

THE SIX PACK

The *Certificate of Real Estate Value (CRV)* is a necessary document to complete a sale and provide oversight to assessment practices and equitable application of property tax laws in the state of Minnesota. The CRV is filed with the Minnesota Department of Revenue. The data collected by the CRV is used primarily by counties to verify the details and terms of the sale, and by the Department of Revenue as input to monitor and equalize the real estate property assessment practices for the entire state. Electronic recording of the CRV is scheduled for piloting in early 2008. Project updates and progress reports for the eCRV can be found on the website maintained by Revenue at <http://proptax.mdor.state.mn.us>.

An *Assignment of mortgage* is where Lenders, or holders of mortgages or deeds of trust, assign mortgages or deeds of trust to other lenders, or third parties. When this is done the assignee (person who received the assignment) steps into the place of the original lender or assignor. Assignments are currently available to electronically record in Minnesota.

A *Satisfaction of mortgage* is recorded once a mortgage or deed of trust is paid; the holder of the mortgage is required to satisfy the mortgage or deed of trust of record to show that the mortgage or deed of trust is no longer a lien on the property. Satisfactions are currently available to electronically record in Minnesota.

A *Certificate of Release of mortgage* is recorded in the real property records of each county in which the mortgage is recorded if a satisfaction or release of the mortgage has not been executed and recorded after the date payment in full of the loan secured by the mortgage was sent in accordance with a payoff statement. Releases are currently available to electronically record in Minnesota.

Standards for *Deeds* has been substantially written, including the required information for a warranty, limited warranty and quit claim deed. Electronic recording of deeds has not yet been implemented.

The *mortgage* is the largest remaining piece of work to be done. This last piece is key because the industry has indicated that while counties have filings now from early adopters of this technology, the great mass of transactions are more likely to move to electronic formats when the entire package is ready. The Task Force is currently securing funding and resources for this piece under model 3. Mortgages are currently available to electronically record in model 2.

Note: *Well disclosure* is the process by which the seller of property provides information to the buyer and the state about the location and status of all wells on the property. These are recorded with the Minnesota Department of Health. The electronic workflow process for the Well Disclosure Certificate is currently underway and will serve as a compliment to the eCRV process.

MODELS OF E-RECORDING

Electronic recordings, whether as pilot projects or live production initiatives, have occurred in twenty five states. From these efforts, three distinct models have emerged.

MODEL 1

This model is an extension of the paper-based closing or payoff processes. Documents are prepared and printed. The parties sign and notarize the paper documents with ink signatures.

When complete, the signed and notarized paper documents are scanned and electronically sent to the recorder. The recorder makes the same determination of recordability as with paper documents, visually inspecting them for such things as signatures and acknowledgments as well as determining the recording fees. Fees are usually paid from an escrow account the submitter maintains with the recorder.

Once the recorder accepts the documents for recording the scanned image is “burned” with the recording information, including recording date and time as well as the unique recording reference number, such as book and page number or instrument number.

Indexing is performed by the indexing staff of the recorder’s office, as are paper documents. A copy of the recorded images is returned to the submitter.

In jurisdictions that use Model 1, the average elapsed time for the process is usually under an hour from the time the recorder receives the image until the receipt and data are returned to the submitter.

MODEL 2

Model 2 recordings may be paper or electronic based. A document image whether from a scanned paper document signed and notarized by ‘wet ink’ signatures or from an electronic document electronically signed and notarized, is wrapped in an XML wrapper containing the data necessary for processing, indexing and returning the document.

The recordable documents are generally delivered to the county recorder’s site by whatever means the parties agree, including hypertext transport protocol secure (HTTPS), web services, file transport protocol (FTP) and even email. Most counties require some authentication of the submitter, typically based on an account and personal identification number (PIN). The documents are stored in a secure area on the recorder’s web site until the recorder’s system retrieves them.

Once imported into the recorder’s system, the recorder’s legacy system handles the recording functions. The recording process is partially automated, but the image must be visually inspected to determine that it meets recording requirements as well as possibly to validate against the data in the XML wrapper. The indexing data in the embedded image is not linked to the index data in the XML, so the recorder has no automated means to verify that it is the same.

If a document meets the requirements, it is recorded. The recording information is “burned” onto the image and returned to the submitter by means agreed upon by the parties.

The average elapsed time from receipt to returning the recorded electronic documents is about five minutes. That compares to about five days for similar closing documents delivered by settlement agents. Average turn around for mail-in documents is about seven days.

MODEL 3

Under Model 3, real estate documents are generated on a vendor’s document preparation system in XHTML (extensible hypertext mark-up language) format. The document preparation person logs on to the system and enters the information necessary to complete the generation of the document.

Once the document has been generated, the person signs it if she has the authority, or notifies the person with signing authority to sign. Secure access is required for all parties that must sign the document because signing is done by digital signature.

Once the documents are electronically signed and notarized, they are released for recording. The document preparation system compares each document against recording rules to ensure its recordability, and then calculates recording fees.

Documents received at the recorder’s system are re-checked against the rules to determine whether or not they may be recorded. If not, they are returned electronically to the submitter. Otherwise they are accepted for recording and the data for recording is extracted from the documents and passed to the legacy recording system.

Fee payment information is passed to the legacy system after the rules determine that the recording fees are correct. The recorder collects the fees from escrow accounts maintained by the respective submitters, or by Automated Clearing House (ACH) payment processing.

The average turn around time is approximately 30 seconds from the time the recorder receives the document until the recorded document is returned. This time includes the entire process, from quality control verification to indexing, when run in an “unattended” or “lights-out” mode.

NATIONAL TRENDS

The Task Force is committed to working with national organizations such as Property Records Industry Association (PRIA) and the Mortgage Industry Standards Maintenance Organization (MISMO) on standard development and implementation of electronic recording.

PRIA (www.pria.us)

The Property Records Industry Association (PRIA) is a cooperative venture of government and business that brings together both segments of the real estate industry for the purpose of establishing consensus on standards and best practices that affect the efficient execution of real estate transactions at the junction between lenders, title companies and settlement agents on the one hand and local land recording offices on the other.

PRIA has become a central player in the electronic recording space being identified in the Uniform Real Property Electronic Recording Act (URPERA) as a source of national standards and being designated by the Mortgage Industry Standards Maintenance Organization (MISMO) as the formal keeper of the eRecording technological standards used in systems and applications that interface between settlement agents and land recording offices.

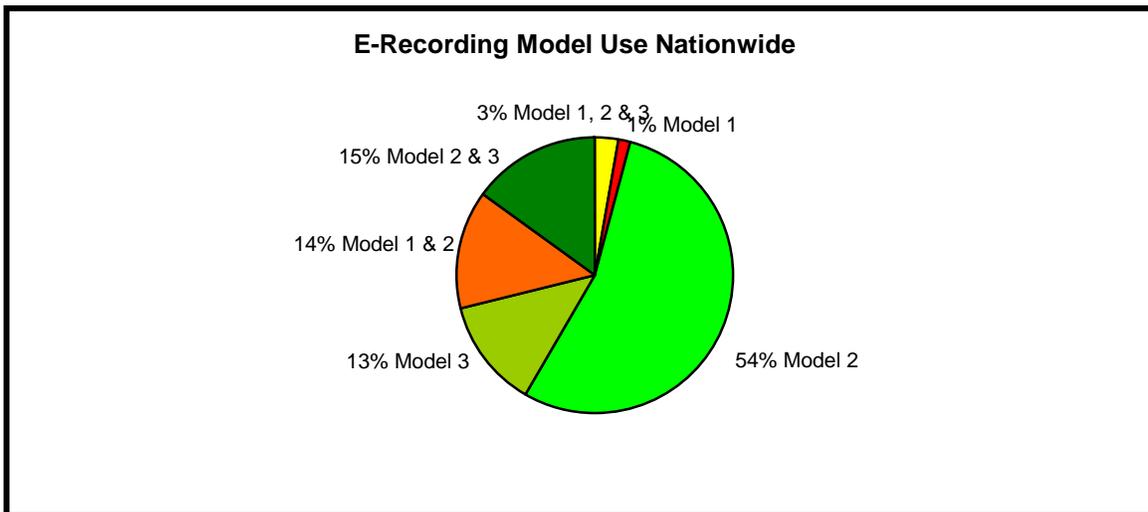
MISMO (www.mismo.org)

MISMO is the Mortgage Bankers Association (MBA) group working to develop specifications and standards for the mortgage transaction. This is an inclusive organization that includes workgroups and focus groups with participants from document preparation, title and settlement, appraisal, real estate information, mortgage insurance and technology vendors, as well as from the MBA's core constituency of mortgage origination, loan servicing and secondary loan market.

Other States Progress

Number of Users Nationally:

- 221 Counties in 25 states are electronically recording in either Models 2 or 3.
- 39 Counties are e-recording both Models 2 and 3.
- PRIA reports Counties are seeing a growth in submissions in both Models 2 and 3 across the board nationally.
- Model 2 submissions appear to be increasing at a faster rate than Model 3 submissions. Less technology needed and most submitters are already at this level.
- 13 States have adopted URPERA and 9 have introduced it to their legislature.



PROCESS AND APPROACH

The cornerstone to electronic real estate recording in the state of Minnesota is the electronic recording standards. With potentially 87 counties and hundreds of private organizations participating in electronic recording, these standards are absolutely necessary.

The Task Force has implemented a standard process and approach to the development of electronic recording standards, which has been followed throughout the existence of the Task Force.

ESTABLISH STANDARDS

To establish standards there are many objectives the Task Force need to include and consider in their process.

- Identify the needs of all stakeholders.
- Involve interested parties in discussions of the standards.
- Consider the national perspectives on electronic recording standards.
- If using an existing standard, there must be a gap analysis to identify those standards requiring modification to Minnesota standards.
- Revise the standards for Minnesota utilizing technical expertise.
- Adopt the standards.
- Inform all stakeholders of the new standards.
- Implement, test and monitor the use of the standards.

MAINTAIN STANDARDS

Electronic real estate recording standards should be considered a living collection of documents. It is common practice to support on-going revisions to the standards by establishing a standards maintenance body. In the case of the Task Force effort, it is advisable to retain a subset of the Task Force as the Electronic Real Estate Recording Commission.

This Commission would be tasked with monitoring the activities of related organizations and initiating updates to the Minnesota standards as appropriate. Attention must also be paid to the industry in general to sense overall progress. This Commission would also need to monitor statutory changes to ensure that the electronic standards comply with the latest legislation.

VALIDATION OF CODE

To ensure that counties are utilizing the Minnesota standards each vendor or county IT department, if they own or are building their own technology, must be validated as in compliance with the electronic recording standards. If a vendor's code has been previously validated through another county's electronic recording implementation, there is no need for repeat validation. A list of validated vendor's is available on the secretary of state website: <http://www.sos.state.mn.us/home/index.asp?page=417>

The basic requirements for the validation process include:

1. A detailed report of vendor code compliance review from a third party.
2. A contingency plan to be implemented if issues are identified.
3. Vendor approval presented to the project coordinator.

COUNTY PROJECT PLANNING

Pursuant to Laws 2005, chapter 156, Article 2, sections 40 and 42, a resolution which constitutes a written certification of compliance with each of those sections is required to be presented to the Task Force bearing signatures of both the County Board Chair and the County Recorder.

The resolution, once accepted by the Task Force, constitutes authority to implement and accept electronic filings in model 3. In addition, the county has the option of recording at a model 2 level upon notification to the Task Force of their intent to do so.

To date, 39 resolutions have been submitted and approved by the Task Force for model 3 recording and 15 for model 2 recording.

1. Select a project team. Counties select and prepare an electronic recording project team with the following recommended guidelines:

- Internal IT staff should be involved on the team so they are able to perform ongoing system maintenance.
- Consider involving other county organizations such as the auditor and treasurer's offices as some electronically submitted documents will need to be passed to these offices for validation.
- Involve vendors and trusted submitters.

2. Prepare a project plan. When developing a project plan, insure all members of the project team are involved with the focus on the following:

- Determine how to integrate electronic documents with paper documents early on in the process.
- Itemize major milestones for implementing an electronic recording system.
- Within the milestones, itemize those critical tasks that must be accomplished.
- Provide estimated timelines and resources needed for each task.
- Include a phase for testing and monitoring once in production.
- Have all group managers sign off on the project plan.

3. Select a software vendor. Choose an electronic recording vendor. A potential vendor must be validated by the Task Force before they are eligible to become an electronic recording vendor in Minnesota. It is recommended a review committee be set up to make the selection. This committee should be made up of individuals from a variety of roles, including technology resources as well as non-technical individuals.

Selection criteria should include items such as the compatibility of vendor applications with existing systems, vendor's knowledge of the recording process, vendor profile and references, customer support available, implementation approach, application profile, and application costs.

4. Select Trusted Submitters. A Trusted Submitter is a private sector party submitting electronic documents to the Counties authorized by the Task Force. The Counties establish a working relationship with the Trusted Submitter through Statement of Commitment (SOC).³

After submitting the SOC, and after schema validation by any participating County, the Trusted Submitter may submit documents to any other pilot county subject to communications, rendering and payment considerations of that other county.

³ <http://www.sos.state.mn.us/home/index.asp?page=496>

DOCUMENT RECORDING

Once the county is ready to electronically record, the following best practices are recommended.

- Load virus scanning software on the e-recording server that will reside in the county to protect the integrity of the system.
- Properly train and educate staff on the entire electronic recording process. Recording staff need to be able to identify and deal with exceptions and document errors no matter where they appear within the process.
- Whenever possible, cross reference paper indexing systems with electronically recorded documents.
- Define the backroom process and prepare an anticipated work flow process.
- Determine what payment considerations will be offered to submitters.
- Maintain and monitor the relationship with the vendor periodically.
- Educate and inform the stakeholders as appropriate (i.e. County Board, Task Force, Submitters, Vendors).
- Recruit Trusted Submitters, first for a pilot project and subsequently as continued electronic submitters.
- When beginning to record electronically, start by recording only a few documents at a time.

MONITORING

The Task Force has designed a web based reporting system for pilot county use to report volumes, issues, new submitters, new vendors, successes and challenges experienced with electronic recording. This is a key piece to measuring the progress and identifying potential issues of electronic recording.

SUBCOMMITTEES

The Minnesota Task Force is broken down into several subcommittees. It is through these subcommittees that much of the strategic, technical and analytical work is completed. Recommendations are then made by these subcommittees to the full Task Force for consideration and authorization.

- 1. eCRV Subcommittee**
- 2. Legal Subcommittee**
- 3. MISMO/PRIA Subcommittee**
- 4. MN-RPERA Subcommittee**
- 5. Model 2 Subcommittee**
- 6. Security Instrument XML Subcommittee**
- 7. Trusted Submitter Subcommittee**
- 8. Validation Subcommittee**

1. E-CRV SUBCOMMITTEE

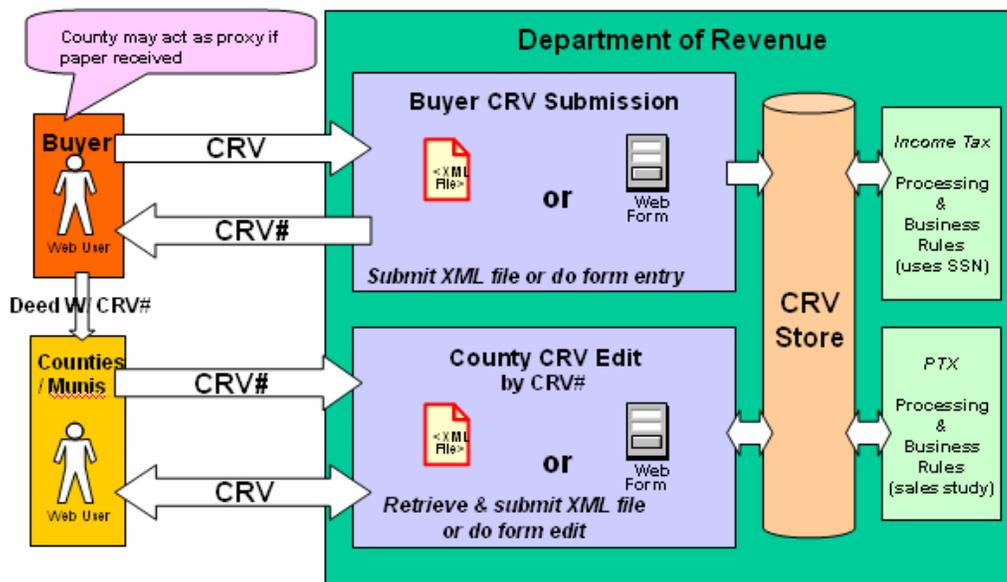
Purpose: To facilitate the Task Force partnership with the Minnesota Department of Revenue on creating standards for the Certificate of Real Estate Value (CRV) to allow for electronic recording of the CRV.

Background: The eCRV project is a joint effort by the Minnesota Department of Revenue, Minnesota Counties, real estate industry companies, and county property software providers doing business in Minnesota.⁴ The eCRV project is being implemented with the participation of a many interested stakeholders.

A Certificate of Real Estate Value is a necessary document to complete a sale and provide oversight to assessment practices and equitable application of property tax laws in the state of Minnesota. Minnesota requires that a Certificate of Real Estate Value be submitted for all real estate transfers of \$1000 in value or above.⁵ No deed or title transfer can be recorded by a county without the CRV.

The Department of Revenue is defining a new process to accept electronic CRV data submitted by buyers or their agents instead of the current multi-part paper form. This will reduce costs for title companies and counties while improving the state's oversight and compliance activities.

The following diagram outlines the workflow and steps for an electronic CRV process:



Members:

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⁴ <http://proptax.mdor.state.mn.us>

⁵ http://ros.leg.mn/bin/getpub.php?pubtype=STAT_CHAP_SEC&year=current§ion=272.115&image.x=19&image.y=5

Funding: The Department of Revenue has contributed staff, Project Management and \$200,000 to the project. The department has also committed to resolving how to maintain the operation of a new statewide eCRV system.

Counties have contributed their energies and their resources to implement the county portions of implementing a statewide eCRV solution. In addition counties have offered to assist in funding the state level development of the system. A schedule for county contributions has been agreed to by the eCRV Working Group counties that shares contributions by CRV volumes.

Industry groups have also agreed to contribute to the state level development of project. Thus far \$36,000 has been pledged.

Initiatives:

1. Pilot with Dakota County, Department of Revenue and industry stakeholders; including at this time Burnet Title, Stewart Title and Dakota County Abstract Title.
2. Determine future technical support, maintenance and funding.

Project Schedule and Milestones:

Sep-Nov 2006	Acceptance of Schema - General county, industry & consortia
Mar 2007	Accept Homestead files - all counties
Apr 30, 2007	Homestead files due - all counties
Fall 2007	Prototype testing - First three counties (eCRV & homestead)
Winter 2007-08	eCRV Early Adopters - One county at a time
Fall 2008	eCRV Statewide Adoption - At county pace

2. LEGAL SUBCOMMITTEE

Purpose: To prepare a written recommendation related to the requirements of implementing electronic filing as defined in Minnesota Statutes 507.094 ([Appendix B](#)).

Background: The Legal Subcommittee of the Task Force is charged with reviewing the current real estate law and identifying those sections which would, if not changed, pose barriers to electronic recording of real estate instruments because the current law contains requirements relevant to paper documents but inapplicable to electronic filings.

The committee has met several times and proposed changes to a number of chapters of Minnesota Law as well as also proposing some changes of general applicability to be folded into HF 2394, the bill authorizing the continuing Commission to oversee electronic recording standards after the June 30, 2008 expiration of the Task Force.

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Initiatives:

1. Implementation of e-Filing Recommendations (MS 507.094)
2. Generation of proposed amendments to Minnesota statutes to accommodate electronic recording.

Project Schedule and Milestones:

December 2007 Review statutes and prepare report
January 2008 Report to the Task Force

3. MISMO/PRIA SUBCOMMITTEE

Purpose: This subcommittee is responsible for the review of establishment of standards for electronic recording of mortgages, deeds and other un-addressed documents.

Background: The subcommittee is monitoring PRIA progress. If the appropriate resources were to become available to the subcommittee, it is recommended that Minnesota develop its own cover sheet standard, adhering as closely as possible to current PRIA guidelines and modified for any Minnesota unique requirements. When a PRIA standard becomes available the interim Minnesota standard would be modified, if needed, to meet the PRIA standard. It is believed such a task would take three to four months of dedicated technical resources.

Members:

NAME	ORGANIZATION AFFILIATION	EMAIL
Mike Cunniff	Hennepin County Recorder	michael.cunniff@co.hennepin.mn.us
Fritz Knaak	Private Attorney	fknaak@klaw.us
Chuck Baggeroer	Private Consultant	fcblc@comcast.net
Pete Palmer	Wells Fargo	pete.palmer@wellsfargo.com
Pam Trombo	US Recordings	pam.trombo@usrecordings.com

Initiatives:

1. Standardization of the cover sheet tasked to PRIA by the MISMO/PRIA alliance and this subcommittee is tasked with observing and reporting the progress.
2. Subcommittee participation in MISMO and PRIA
 - a. Mike Cunniff is the subcommittees PRIA participant.
 - b. Ben Marczak, Hennepin County, is the subcommittees PRIA technical liaison to MISMO.

Project Schedule and Milestones:

February 2007 Agreement reached that Minnesota will follow the forthcoming MISMO/PRIA standardization process.

4. MN-RPERA SUBCOMMITTEE

Purpose: This subcommittee is responsible for reviewing the Uniform Real Property Electronic Recording Act (URPERA) and Property Records Industry Association (PRIA) position statement on URPERA, drafting legislation to address URPERA, and distributing the proposed legislation for comments.

Background: The subcommittee studied URPERA through the NCCUSL product. The information was looked at in light of Minnesota laws and practices. Research was conducted in the seven states that have passed and adopted URPERA.

Legislation for MN-RPERA was drafted and introduced in 2007.

Members:

NAME	ORGANIZATION AFFILIATION	EMAIL
Jeanine Barker	Lyon County Recorder	barker@co.lyon.mn.us
Bert Black	Office of the Secretary of State	Bert.black@state.mn.us
Teresa Bulver	US Bank	Teresa.bulver@usbank.com
Dennis Fink	St. Louis County Commissioner	finkd@co.st-louis.mn.us
Chuck Parsons	Moss & Barnett	parsonsc@moss-barnett.com
Eileen Roberts	William Mitchell College	eileen.roberts@wmitchell.edu
Jinnelle Weis	Burnet Title	jinnelle.weis@burnetttitle.com

Initiatives:

1. MN-RPERA authorizing electronic recording, establishment of standards and the Electronic Real Estate Recording Commission.
2. Other proposed statutory revisions as appropriate.

Project Schedule and Milestones:

March 2007 Received approval on proposed legislative language.
April 2007 Introduced legislation
December 2007 Distributed legislation for comment

5. MODEL 2 SUBCOMMITTEE

Purpose: This subcommittee is responsible for the piloting of Model 2 electronic recording.

Background:

The subcommittee was appointed January 18, 2007. In February the subcommittee was authorized by the Task Force to monitor a pilot project for model 2 recording with the counties of Clay, Dakota, Martin, Renville, Scott and Wabasha. In April the Task Force authorized any county with an approved model 3 resolution to pilot electronic recording in Model 2 upon notification to the Task Force.

Members:

NAME	ORGANIZATION AFFILIATION	EMAIL
Joan Ament	Bell Mortgage	jament@bellmortgage.com
Joel Beckman	Dakota County Recorder	Joel.Beckman@co.dakota.mn.us
Jeff Carlson	US Recordings	jeff.carlson@usrecordings.com
Larry Dalien	Anoka County Property Records Director	larry.dalien@co.anoka.mn.us
Dennis Kron	Stearns County Deputy Auditor-Treasurer	denny.kron@co.stearns.mn.us
Bill Mori	TriMin Systems	bill.mori@triminsystems.com

Initiatives:

1. Revisions of PRIA version 2.1 schema with MN modifications.
2. Model 2 pilot project.
3. eWell Disclosure Certificate process with the Department of Health.
4. Development of standards for deeds.

Project Schedule and Milestones:

January 2007	Authorized by the TF
February 2007	Six pilot counties authorized
February 2007	PRIA version 2.1 modifications complete
April 2007	Authorization for all pilot counties as model 2
February 2008	Deed standards gap analysis

6. SECURITY INSTRUMENT XML SUBCOMMITTEE

Purpose: To oversee the development and testing of the schema for the security instrument and the development of a communications protocol and version control.

Background: Working on the schema for mortgage standards, communications protocol, and version control. The subcommittee prepared the Minnesota Mortgage Schema Investment Summary to provide project sponsors and members of the Task Force with financial cost of Phase 1 of the Model 3 Mortgage Schema standards development.

The goal of the investment summaries is to determine the resources, monetary and in-kind, for the project.

Members:

NAME	ORGANIZATION AFFILIATION	EMAIL
Regina Brown	Wells Fargo	regina.brown@wellsfargo.com
Chuck Baggeroer	Private Consultant	fcblc@comcast.net
Teresa Bulver	US Bank	Teresa.Bulver@usbank.com
Mike Cunniff	Hennepin County Recorder	Michael.Cunniff@co.hennepin.mn.us

Technical Division Members: Ben Marczak (Hennepin County), Brent Worden (Perficient), Dean Pass (West Central Indexing), Pam Trombo (US Recordings), Pete Palmer (Wells Fargo) and Ray Hirte (Hennepin County)

Initiatives:

1. Standards for security instrument model 3 mortgage schema.
2. Develop a communications protocol intended to ensure reliable interchange of data related to electronic recording of real estate documents.
3. Develop a version control document to be utilized in evaluating electronic publications against a set of standards.

Project Schedule and Milestones:

- Jan. – June 2008** Phase 1 of Model 3 Mortgage Schema Standards Development
1. Create model 3 mortgage schema for the Task Force approval
 2. Pilot initial testing of the approved schema between county and mortgage industry.
 3. Complete documentation of the project for other counties, the mortgage industry and permanent Commission.

7. TRUSTED SUBMITTER SUBCOMMITTEE

Purpose: Serves to maintain the adopted Trusted Submitter Advisory Guide and as a resource for those interested in becoming a trusted submitter for electronic recordings.

Background: The subcommittee has worked extensively on educational information for the stakeholders on the process of and benefits to electronic recording. They have created the standard Statement of Commitment for the Trusted Submitter, an education plan and most recently a partnership with MLTA to expand the education efforts.

Members:

NAME	ORGANIZATION AFFILIATION	EMAIL
Jinnelle Weis	Burnet Title	jinnelle.weis@burnetttitle.com
Gail Miller	Renville County Recorder	recorder@co.renville.mn.us
Joel Beckman	Dakota County Recorder	joel.beckman@co.dakota.mn.us
Ben Marczak	Hennepin County	ben.marczak@co.hennepin.mn.us
Peter Lamb	North American Title	plamb@nat.com

Initiatives:

1. Maintain and revise the Trusted Submitter Advisory Guide.
2. Implementation of the Task Force Education Plan.
3. Recruitment of Trusted Submitters.
4. Partnership with the MLTA on education efforts.

Project Schedule and Milestones:

March 2007	Revised Advisory Guide to implement Model 2 changes
July 2007	Metro PREP and MLTA meeting presentations
November 2007	MLTA Board Meeting Presentation – formation of partnership

8. VALIDATION SUBCOMMITTEE

Purpose: This work group is responsible to explore and advise the Task Force concerning validation of software vendor systems for electronic recording in Minnesota.

Background:

The group was appointed February 15, 2007. It was determined there needs to be two plans; one to accommodate the immediate need of validating new software vendors and the other is a long term plan for the future on revisions to the current process and resources needed to accomplish this.

Members:

NAME	ORGANIZATION AFFILIATION	EMAIL
Mike Cunniff	Hennepin County Recorder	Michael.Cunniff@co.hennepin.mn.us
Larry Dalien	Anoka County Property Records Director	larry.dalien@co.anoka.mn.us
Ben Marczak	Hennepin County	Ben.Marczak@co.hennepin.mn.us
Pam Trombo	US Recordings	pam.trombo@usrecordings.com

Initiatives:

1. Short term validation process revision and implementation.
2. Create a long term validation recommendation for implementation by the Electronic Real Estate Recording Commission.

Project Schedule and Milestones:

March 2007	Passed resolution authorizing the validation testing of new products from indexing companies, using the testing methodology initiated with the original pilot project, and to validate their systems for use with model 3 electronic recording in the State of Minnesota
April 2007	Defined the short and long term plans
Jan. 2008	Contracted with Pam Trombo, US Recordings, to prepare a short term validation process
Feb. 2008	Validate two vendors currently awaiting action
May 2008	Finalize the long term validation recommendation

PILOT COUNTIES

Conference calls by the pilot counties are conducted monthly. In these calls the counties cover updates to the Task Force, report any changes with their status, and address concerns or issues that arose during electronic recording. These issues and concerns are shared, with discussion on the options, strategies and resolutions used or available to address these issues and concerns efficiently.

Through the various associations the counties participate in, the opportunity to share information and network arises. Within their respective associations, the counties have created resource materials for implementing electronic recording. One of these resources is the Integrated Financial System (IFS). This system is owned by county government and supported through the cooperative effort of these counties. The IFS addresses electronic payments to vendors, electronic posting of state payments, automated revenue collection for better accountability, and increased executive level reporting and extraction of data.⁶

A list of all pilot counties authorized is posted on the secretary of state website at <http://www.sos.state.mn.us/home/index.asp?page=417>.

Model 3

There are 39 counties authorized to electronically record real estate transactions in model 3.

Officially giving their support for and the commitment to actively pursue approval to electronic recording in the very near future are the following 10 counties: Becker, Brown, Chisago, Clearwater, Fillmore, Itasca, Nicollet, Norman, Pennington, and Red Lake.

Model 2

There are 15 counties authorized to electronically record in model 2. These counties must first be authorized by the Task Force to record in model 3 before sending notification of the ability to record in model 2.

⁶ From the Minnesota Association of County Officers website at <http://www.mncounty.org>

Pilot County Tracking – Reflects the status of each county for model 2 and model 3 recording.

	COUNTY	MODEL 2	MODEL 3	MONTHLY REPORTING 2007											
				JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
1	Beltrami		Jan-08											X	X
2	Big Stone		TBD												
3	Blue Earth	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4	Carlton		X	X	X	X	X	X	X	X	X	X	X	X	X
5	Cass	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6	Chippewa		TBD												
7	Clay	X	X	X	X	X	X	X	X	X	X	X	X	X	X
8	Crow Wing		TBD												
9	Dakota	X	X	X	X	X	X	X	X	X		X	X		
10	Faribault	X	X									X			
11	Hennepin		X	X	X	X	X	X	X	X					
12	Hubbard		X		X	X	X	X	X	X	X		X	X	
13	Jackson		TBD												
14	Kandiyohi	X	X	X	X	X	X	X	X	X	X	X	X	X	X
15	Lac Qui Parle		TBD												
16	Lincoln		TBD												
17	Lyon	X	X	X	X	X	X	X	X	X	X	X	X	X	
18	Martin	X	X	X	X	X	X	X	X	X	X	X	X	X	X
19	McLeod	X	X	X	X	X	X	X	X	X	X	X	X	X	X
20	Morrison	Jan-08	Jan-08											X	
21	Otter Tail		TBD												
22	Pipestone		TBD												
23	Polk		Jan-08												
24	Pope		X		X	X	X			X	X		X	X	
25	Redwood		TBD												
26	Renville	X	X	X	X	X	X	X		X		X	X	X	
27	Roseau		X	X	X	X				X					
28	Scott	X	X					X	X	X	X	X	X	X	X
29	Sherburne	X	X									X			
30	Stearns		Feb-08												
31	Steele		TBD												
32	Stevens		TBD												
33	Wabasha	X	X	X	X	X				X			X		
34	Wadena	Jan-08	Jan-08												
35	Washington		TBD												
36	Watonwan		TBD												
37	Wilkin		X	X	X	X	X	X	X	X	X	X	X	X	X
38	Wright		X							X	X	X	X		
39	Yellow Medicine		TBD												

MINNESOTA ELECTRONIC REAL ESTATE RECORDING

PILOT COUNTY RECORDING STATISTICS

January 2007 - December 2007

MODEL 3	Abstract Satisfactions	Abstract Certificates of Release	Abstract Assignments	Torrens Satisfactions	Torrens Certificates of Release	Torrens Assignments
January	405	0	0	159	0	0
February	352	0	0	104	0	0
March	385	0	0	140	0	0
April	621	0	0	263	0	0
May	568	0	0	252	0	0
June	477	0	0	184	0	0
July	347	0	0	129	0	0
August	422	0	0	191	0	0
September	339	0	0	116	0	0
October	425	0	0	101	0	0
November	439	0	0	98	0	0
December	288	0	0	77	0	0
Model 3 Totals:	5068	0	0	1814	0	0

MODEL 2	Abstract Satisfactions	Abstract Certificates of Release	Abstract Assignments	Abstract Mortgages	Torrens Satisfactions	Torrens Certificates of Release	Torrens Assignments	Torrens Mortgages
April	1	0	0	5	0	0	0	0
May	38	0	0	52	0	0	0	0
June	66	0	2	72	0	0	0	0
July	14	0	1	32	0	0	0	0
August	39	0	0	71	0	0	0	0
September	31	0	0	56	0	0	0	0
October	41	0	0	29	0	0	0	0
November	27	0	0	29	0	0	0	0
December	31	0	0	34	0	0	0	0
Model 2 Totals:	288	0	3	380	0	0	0	0

2007 Grand Totals:	5356	0	3	380	1814	0	0	0
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EDUCATION AND COMMUNICATIONS

As the Task Force develops more standards, and as more real estate documents are able to be filed electronically, there is a need to inform stakeholders about the task force's work and successes and also to inform potential users of electronic filing systems about the availability of new processes. In response, the Task Force has developed and implemented the following *Education Plan*.

Outreach objectives:

- Inform stakeholders about milestones in implementation
- Encourage participation in implementation (**goal: [#] or [%] industry participation**)
- Inform stakeholders about task force activities
- Inform taxpayers about task force activities and what they receive for their money
- Educate government – legislative, state, local and municipalities

Stakeholders:

- Association of Minnesota Counties (AMC) - <http://www.mncounties.org/>
- Borrowers
- County taxpayers
- Independent Community Bankers of MN - <http://www.communitybanks.org/>
- Legislators
- Lending institutions
- MN Association of County Officials (MACO) - <http://www.mncounties2.org/>
- MN Association of Realtors (MAR) - <http://mnrealtor.com/>
- MN Bankers Association - <http://www.minnbankers.com/i4a/pages/index.cfm?pageid=1>
- MN Bar Association - <http://www.mnbar.org/>
- MN Land Title Association (MLTA) - <http://www.mlta.org/>
- Mortgage Industry Standards Maintenance Organization (MISMO)- <http://www.mismo.org>
- Mortgage service companies
- National Credit Union Administration - <http://www.ncua.gov/>
- Pilot Counties
- Property Records Education Partners (PREP) - http://www.pria.us/prep_files/chapters/minnesota/minnesota.asp
- Public Records Industry Association (PRIA) - <http://www.pria.us/>
- Real estate agencies
- Recording Service Providers

Strategies To Utilize:

- Press releases on milestones
- Commentary on the benefits of the implemented system
- Feature story(ies): case study
- Lead up to case-study with a few stories (list perspectives)
- Submitter story: A testimonial
- Request a gubernatorial proclamation for “ERER Day”
- County recorder open houses for local media
- Produce an electronic real estate recording fact sheet for distribution at county offices
- Address at conventions and meetings of stakeholders

- County contact local media for a press conference, news story, etc.

Media Utilized:

Secretary of State monthly e-newsletter

Business newspaper sections

Specialty micro media (e.g., real estate industry and general business publications)

County newsletters

Conferences and meetings of stakeholders

Evaluation of Outreach Effectiveness:

1. Advertising equivalency of promotions.
2. Specific percentage or number to indicate industry participation.
3. Report to taxpayers on exactly how their money was spent and what they got for it (report on percentages, availability of service, rather than raw numbers). Presentation of the return on investment issues need to be cognizant of all counties regardless of size and/or volume of recordings. Also including the benefits such as stress reduction, time and labor saving should be addressed.

The Task Force will continue with *communications* internally and externally by:

1. Scheduling monthly meetings of the full Task Force on the third Thursday of each month.
2. Encouraging and providing for the facilitation of subcommittee meetings as needed to complete the projects outlined in the work plan.
3. Posting all Task Force and subcommittee meetings on the website and send notices as required.
4. Actively looking for venues in which to present information related to electronic recording and the Task Force.
5. Monitoring and managing the website pages for the Task Force to insure timely and accurate information is posted.
6. Coordinate the transition of the permanent Commission.
7. Continue to conduct monthly pilot conference calls.
8. Participate and partner as appropriate with other stakeholders, including the industry, AMC, Department of Health, Department of Revenue, PRIA, MISMO, LCC, MACO, etc.
9. Prepare a legislative report for the reporting period of January 15, 2008 – June 31, 2008.

FINANCIALS

The Task Force may accept donations of money or resources, including loaned employees or other services; donations are appropriated to the task force and must be under the sole control of the task force, pursuant to Minnesota Statutes, section 507.094, Subdivision 3.⁷

Cash Donations

- Burnet Title
- Department of Revenue
- Edina Realty Title
- First American
- LandAmerica
- Minnesota Land Title Association (MLTA)
- Minnesota Real Estate Services Association (MRESA)

Non-Monetary Donations

- Association of Minnesota Counties
- Burnet Title (eCRV) – pilot county
- Dakota County (eCRV) – hosting the server
- Department of Health (eWell Certificate)
- Department of Revenue – project management
- Hennepin County (validation, version control, communications protocol)
- Minnesota Bar Association
- Minnesota Association of County Officers
- Task Force and Subcommittee Members
- Title Companies
- US Recordings
- Wells Fargo – consultant time

⁷ While every effort is made to recognize those who have donated to the success of electronic recording, there are other individuals and organizations who have made contributions that are not reflected in this report.

Expenditures

1. County reimbursements

A resolution was passed in June of 2007 by the Task Force:

WHEREAS, the Electronic Real Estate Recording Task Force ("Task Force") has numerous pilot projects with counties; and

WHEREAS, certain counties have provided technical support towards both the development of their own pilot projects and towards the direct activities of the Task Force; and

WHEREAS, the Task Force is authorized to pay for direct services and pilot projects; and

WHEREAS, the Task Force has been allocated \$25,000 for the use of the Task Force in Laws 2005, Chapter 156, Article I;

THEREFORE, Be It Resolved, That the Task Force hereby approves the payment of up to \$10,800 to pilot project counties that have provided technical support to the Task Force or in their own pilot projects, upon the presentation by June 27, 2007 to Task Force staff of documented expenses for that technical support. If the total documented expenses presented to the Task Force staff exceed \$10,800, the Task Force authorizes Task Force staff to cause payment to be made in a proportional amount to each pilot project county submitting documented technical support expenses.

Blue Earth and Hennepin County submitted claims and the result was Blue Earth was awarded \$3,515.38 and Hennepin County was awarded \$7,284.62.

2. Meeting costs

As of December 14, 2007 meeting costs total \$60.89.

FUTURE PLANNING

A majority of the future planning will be preparation for transitioning the current Task Force's products and work to the Electronic Real Estate Recording Commission upon passage of HF 2394.

There are three documents included in this report that reflect this future work:

- A) The project work plan that includes the tasks, subtasks, estimated completion date and the percentages of completion;
- B) Security Instrument/Mortgage Standards in Model 3 outlining resources necessary to complete this standard; and
- C) The Transition Plan (high level plan)

A. TASK FORCE TIMELINE – PROJECT WORK PLAN

	TASKS and SUBTASKS	ESTIMATED COMPLETION DATE	% COMPLETE
1	Recommendation for Implementation of eFiling	Jan-08	100%
	Define Process for Drafting Recommendations		100%
	Create a Plan Including Timetable		100%
	Identify Permissive vs. Mandatory Systems		100%
	Other Recommendations for Task Force		100%
	Distribute Document for Comment		100%
	Include in 2008 or 2009 Legislative Report		100%
2	Permanent Commission Recommendations (MN-RPERA)	Feb-08	95%
	Form MN-RPERA Subcommittee		100%
	Review URPERA and PRIA's Position		100%
	Inform MACO on County Member Selection		100%
	Draft Recommendation		100%
	Submit to Task Force for Approval		100%
	Distribute for Comment		100%
	Introduce to Legislature - Pass		
3	Transition Plan for Permanent Commission	Jun-08	15%
	Draft Outline of Plan	12/13/2007	100%
	Task Force Approval of Outline	12/13/2007	100%
	Draft Plan	2/1/2008	15%
	Distribute for Comment	2/14/2008	0%
	Prepare Final Transition Plan	3/13/2008	0%
	Task Force Approval of Transition Plan	3/20/2008	0%
	Implement Transition Plan	Jun-08	0%

4	Draft Statutory Language on "Original Document"	Feb-08	100%
	Define Original Document		100%
	Review National Perspective		100%
	Draft Recommendation		100%
	Submit to Task Force for Approval		100%
	Distribute for Comment		100%
	Revise to Include Comments		100%
5	Security Instrument Standards - Model 3	Jun-08	20%
	Obtain Resources and Funding to Conduct Gap Analysis of MISMO and MN Requirements	2/15/2008	20%
	Distribute Standards for Comment	5/1/2008	0%
	Cover Sheet Standards	5/1/2008	0%
	Revise Standards to Include Comments	5/7/2008	0%
	Submit Standards for Task Force Approval	5/15/2008	0%
	Authorize Counties to Serve as Initial Pilots	5/15/2008	0%
	Monitor Pilots	on-going	0%
6	Deeds Standards - Model 2 and Model 3	May-08	25%
	Analyze Existing Standards	Feb-08	20%
	Resolve Well Certificate Issue	Feb-08	75%
	Distribute for Comment	3/1/2008	0%
	Revise to Include Comments	3/19/2008	0%
	Submit to Task Force for Approval	3/20/2008	0%
	Authorize counties to Serve as Initial Pilots	3/20/2008	0%
	Monitor Pilots	on-going	0%
7	Version Control Document	TBD	15%
	Draft Document		15%
	Distribute for Comment		0%
	Revise to Include Comments		0%
	Submit to Task Force for Approval		0%
	Implement Use of Document		0%
	Monitor Implementation		0%
8	Communications Protocol Document	TBD	60%
	Draft Document		70%
	Distribute for Comment		0%
	Revise to Include Comments		0%
	Submit to Task Force for Approval		0%
	Implement Use of Document		0%
	Monitor Implementation		0%

9	Vendor Validation	Feb-08	30%
	Determine Method for Existing Requests for Validation (Short Term)		100%
	Obtain Resources and Funding To Revise Existing Process		80%
	Prepare Short Term Plan - Gap Analysis	Jan-08	0%
	Implement Short Term Plan	Feb-08	0%
	Obtain Resources to Prepare Long Term Plan		0%
	Submit to Task Force for Approval		0%
10	eCRV	Feb-08	95%
	Initial Pilot with Dakota County, Revenue and Burnet Title		95%
	Implement and Monitor		0%
11	Model 2 eRecording	Dec-07	100%
	Determine National Standards to Use		100%
	Draft Standards		100%
	Submit to Task Force for Approval		100%
	Select Pilot Counties (6)		100%
	Implement and Monitor		100%
	Obtain Authorization from Task Force for all Pilot Counties		100%

B. SECURITY INSTRUMENT/MORTGAGE STANDARDS IN MODEL 3⁸

The purpose of this investment summary is to provide project sponsors and members with financial cost of Phase 1 of Model 3 Mortgage schema for Minnesota.

Phase 1 has been defined as:

- “Create model 3 mortgage schemas for the Minnesota ERER taskforce’s approval
- Pilot initial testing of the approved mortgage schema between county and mortgage industry
- Complete documentation of the project for other counties and mortgage industry

The goal of this investment summary is to identify resources needed for the project.

Financial Breakdown for the project

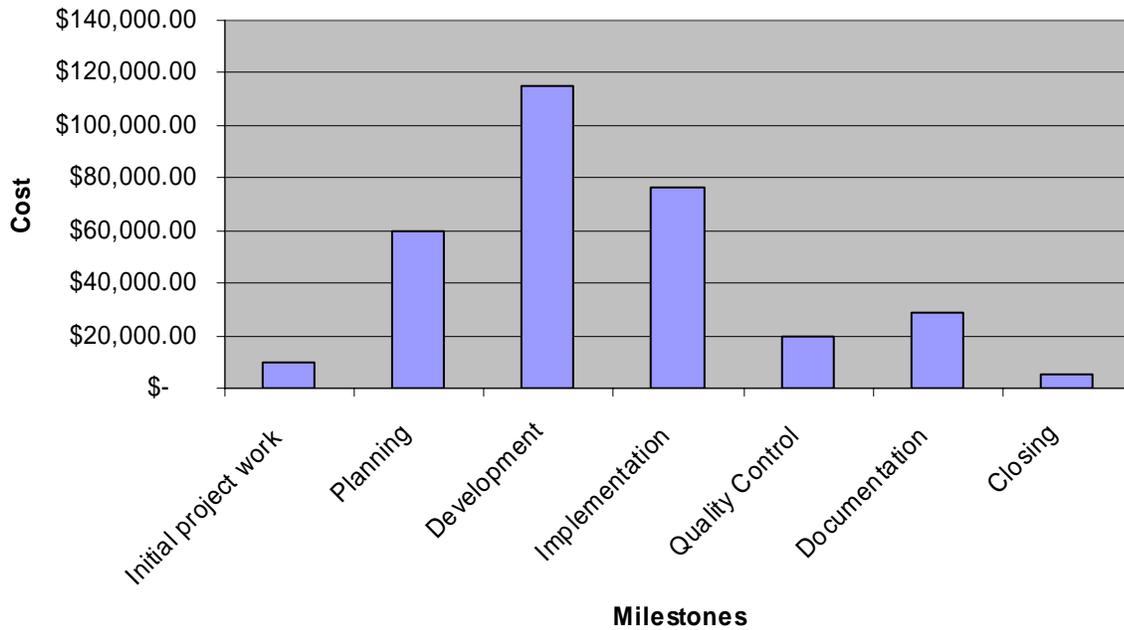
***** 11/21/07 (rate adjustment – \$150/Hr to \$125/Hr)

Roles	# of Members	Rate
Steering Committee	7	Priceless
Project Manager	1	125
Business Analyst	1	125
Technical Analyst	1	125
Security Consultant	1	125
Application Architect	1	125
Mortgage Industry Consultant	1	125
County Technical Consultant	1	125
XML Developer	1	125
Mortgage Industry Application Developer	1	125
County Application Developer	1	125
QA / Test	1	125
Technical Writer	1	125

Initial Cost Proposal (11/17) - \$ 377,400:

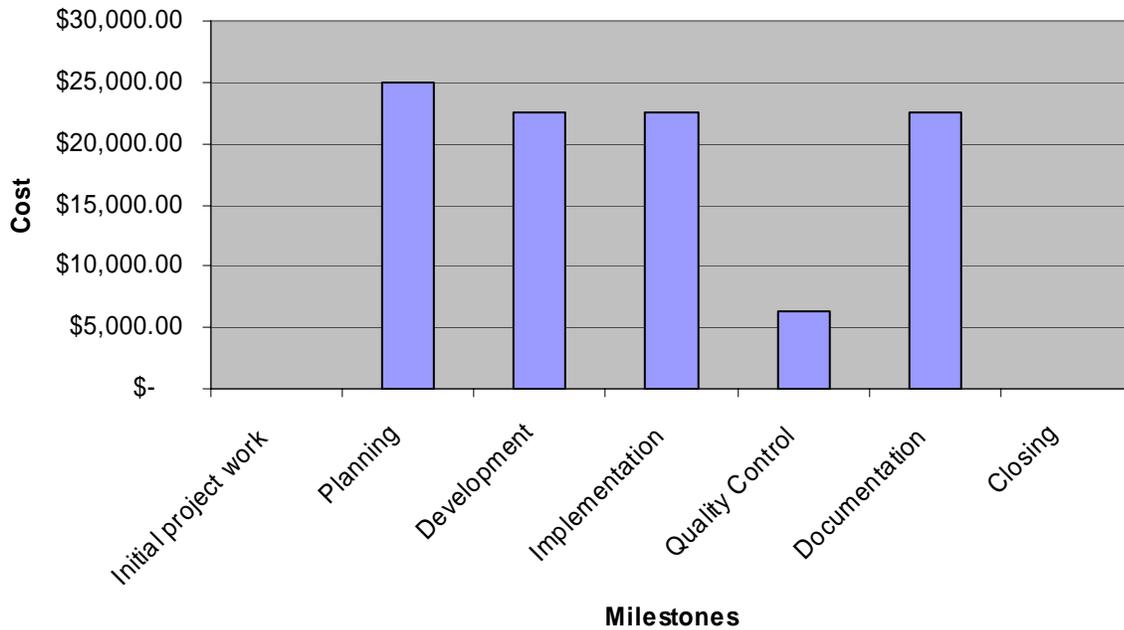
⁸ Prepared by Wells Fargo and Hennepin County for the use of the Task Force.

Mortgage Schema Proposal - 11/17



Tentative Cost Proposal (11/21) - \$ 98,750

Mortgage Schema Proposal - 11/21



Initial Cost Estimate: (11/17)

Milestone	Definition	Duration (in weeks)	Resources													
			Steering Committee	Project Manager	Business Analyst	Technical Analyst	Security Consultant	Application Architect	Mortgage Industry Consultant	County Technical Consultant	XML Developer	Mortgage Industry Application Developer	County Application Developer	QA / Test	Technical Writer	
1	Initial project work	6		80												
2	Planning	8		120	160	40	40	20	40	40	16	0	0	0	0	
3	Development	8		120	80	20	80	20	40	40	120	160	160	80	0	
4	Implementation	4		40	10	10	20	10	40	40	40	120	120	80	80	
5	Quality Control	4		40	10	10	10	10	10	10	10	10	10	10	20	
6	Documentation	4		10	10	10	10	10	10	10	0	0	0	0	160	
7	Closing	2		40												
		36		450	270	90	160	70	140	140	186	290	290	170	260	
Total Hours			2516													
Total Cost			\$377,400													

Tentative Cost Estimate: (11/21) – Based on Wells Fargo and Hennepin Resource Commitment

- Wells Fargo Resource Commitment
 - Security Consultant
 - \$2,000-5,000 Cash Contribution
 - Possible Mortgage Industry Consultant
 - Possible Mortgage Industry Application Developer
 - Possible Schema Developer / MISMO liaison
- Hennepin County Resource Commitment
 - Project Manager
 - Application Architect
 - County Technical Consultant
 - County Application Developer

Milestone	Definition	Duration (in weeks)	Resources												
			Steering Committee	Project Manager	Business Analyst	Technical Analyst	Security Consultant	Application Architect	Mortgage Industry Consultant	County Technical Consultant	XML Developer	Mortgage Industry Application Developer	County Application Developer	QA / Test	Technical Writer
1	Initial project work	6		80											
2	Planning	8		120	160	40	40	20	40	40	16	0	0	0	0
3	Development	8		120	80	20	80	20	40	40	120	160	160	80	0
4	Implementation	4		40	10	10	20	10	40	40	40	120	120	80	80
5	Quality Control	4		40	10	10	10	10	10	10	10	10	10	10	20
6	Documentation	4		10	10	10	10	10	10	10	0	0	0	0	160
7	Closing	2		40											
		36			270	90								170	260
Total Hours				790											
Total Cost				\$98,750											

C. TRANSITION PLAN- DRAFT

Goals: Provide for an efficient and effective transition of all information and documents in the possession of the current Task Force to the Electronic Real Estate Recording Commission.

Assumptions: The legislature will authorize the formation of the Electronic Real Estate Recording Commission.

Risks:

- The legislation doesn't pass.
- Lack or availability of resources.
- System compatibility issues between the permanent Commission and OSS for transfer of electronic files.

Other:

- Policy statement on ownership and transfer of documents
- Define Roles and Responsibilities

A. Selection of Transition Team

- Team Leader
- EREER Task Force Project Leader
- LCC Project Leader
- Transition Specialist
- Technology Specialist
- EREER Task Force Web Administrator
- LCC Web Administrator
- MACO Representative
- Industry Representative

B. Transition Process Tasks (not in any specific order)

- Coordinate Transition Planning Meeting
- Prepare Project Initiation Plan
- Prepare Proposed Recommendations
- Prepare Documents – Create an Index
- Create Backups for Data and Images
- Transfer Website Information and Electronic Images
- Prepare List of Outstanding Work and Status of Each
- Identify Future Goals
- Draft Fiscal Note for HF 2394

C. Communication Plan

Determine the methods to be used to keep stakeholders and outside parties informed and involved in the transition process.

- Stakeholders
- Methods of Communication
- Frequency of Communications
- Roles

D. Timelines and Milestones

The length of the transition period shall be three months (April, May and June 2008). The production delivery date is June 30, 2008.

E. Contingency Plan

Develop a contingency plan if HF 2394 does not pass.

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CONCLUSION

Real estate transactions involve billions of dollars in the United States. The efficiency of real estate markets depends upon the adoption of technology to make them faster and more competitive. Significant cost savings to the general public, the real estate industry and local government are realized by utilizing electronic recording.

The Task Force has committed to continuing development and implementation of electronic recording in their remaining months and defining what is essential to implement these standards so electronic recording continues in Minnesota.

The key to continuing electronic recording in Minnesota is the passage of the Minnesota Real Property Electronic Recording Act (MN-RPERA) House File 2394. This insures there are established standards a recording office must follow and establishes an Electronic Real Estate Recording Commission to implement and revise these statewide standards. State Commissions such as the proposed Electronic Real Estate Recording Commission need to be of continuing existence. Funding is also necessary for the Commission to secure administrative support, technical support, continued development of standards and needed revisions to these standards.

Established standards are crucial to insure uniformity and efficiency for those submitting real property transactions electronically. However, standards work does not stop once a version is adopted as they evolve over time as needs from private and public sectors change, as technologies change and new technologies are introduced. Without periodic review and updating, the standards will not keep up with changes in the business and technical environment, improving the benefits realized by all involved.

In conclusion, the Task Force would like you to recognize the value of the work completed and honor it by supporting MN-RPERA.

Honor the Work
Support MN-RPERA

APPENDICES

Appendix A: HF 2394 (Draft with modifications)

Appendix B: Minnesota Statute 207.094

APPENDIX A

Minnesota Real Property Electronic Recording Act (MN-RPERA)

507.xx1 DEFINITIONS.

For purposes of sections 507.xx1 to 507.xx9:

- (1) “Document” means information that is:
 - (i) inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form; and
 - (ii) eligible to be recorded in the land records maintained by the recorder or registrar.
- (2) “Electronic” means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.
- (3) “Electronic document” means a document that is received by the recorder or registrar in an electronic form.
- (4) “Electronic Real Estate Recording Commission” and “Commission” means the Commission established by this act.
- (5) “Electronic signature” means an electronic sound, symbol, or process attached to or logically associated with a document and executed or adopted by a person with the intent to sign the document.
- (6) “Legislative coordinating Commission” means the Commission established by section 3.303.
- (7) “Paper document” means a document that a recorder or registrar receives in a form that is not an electronic document.
- (8) “Person” means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government, or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.
- (9) “Recorder” means the county recorder for the county in which a document is received.
- (10) “Registrar” means the registrar of titles for the county in which a document is received.

507.xx2 UNIFORMITY OF APPLICATION AND CONSTRUCTION.

Persons applying or construing this act must consider the need to promote uniformity of the law with respect to the subject matter of this act among states that enact a law substantially similar to this act.

507.xx3 VALIDITY AND TIME OF RECORDING OF ELECTRONIC DOCUMENTS.

- (a) If a law requires, as a condition for recording, that a document be an original, be on paper or another tangible medium, or be in writing, the requirement is satisfied by an electronic document satisfying this act.
- (b) If a law requires, as a condition for recording, that a document be signed, the requirement is satisfied by an electronic signature.
- (c) A requirement that a document or a signature associated with a document be attested, acknowledged, verified, witnessed, or made under oath is satisfied if the electronic signature of the person authorized to perform that act, and all other information required to be included, is attached to or logically associated with the document or signature. A physical or electronic image of a stamp, impression, or seal need not accompany an electronic signature.

(d) Notwithstanding the time of its delivery, an electronic document is recorded for purposes of chapter 507 at the earlier of (i) the time the electronic document is accepted for recording or (ii) the next close of the recorder's office hours following the time of delivery.

(e) Notwithstanding the time of its delivery, an electronic document is registered as to a parcel of registered land for purposes of chapters 508 and 508A when the electronic document is memorialized or otherwise noted on the certificate of title for the parcel.

(f) A law that authorizes or requires any act to be performed with respect to any document affecting real property that is to be filed in the office of the recorder or registrar shall be deemed satisfied if the act is performed electronically in accordance with the standards established by the Electronic Real Estate Recording Commission. By way of illustration, the acts referred to in this section include without limitation the following words as well as words derived from them: affix, apply, attest, certify, conform, contain, copy, deliver, duplicate, endorse, enter, file, form, hold, issue, leave, make, note, open, present, print, proffer, receive, recite, record, refer, register, seal, send, sign, stamp, state, store, subscribe, witness, and write.

507.xx4 RECORDING OF DOCUMENTS.

(a) A recorder or registrar may:

- (1) receive, index, store, archive, and transmit electronic documents;
- (2) provide for access to documents and other information by electronic means;
- (3) provide for search and retrieval of documents and other information by electronic means;
- (4) index, store, and archive in electronic form paper documents accepted for recording;
- (5) convert into electronic form the record of documents recorded or registered before the recorder or registrar began to record electronic documents;
- (6) accept electronically any fee or tax that the recorder or registrar is authorized to collect; and
- (7) agree with other officials of this state or a political subdivision of this state on procedures or processes to facilitate the electronic satisfaction of conditions to recording and the electronic payment of fees and taxes.

(b) A recorder who accepts electronic documents for recording shall:

- (1) continue to accept paper documents; and
- (2) place entries for paper documents and electronic documents in the same index.

(c) A registrar who accepts electronic documents for registration shall:

- (1) continue to accept paper documents; and
- (2) place entries for paper documents and electronic documents in the same index.

507.xx5 ADMINISTRATION.

(a) An Electronic Real Estate Recording Commission administered by the legislative coordinating Commission is created to adopt standards to implement this act. The legislative coordinating Commission shall promulgate by rule the standards adopted, amended, or repealed by the Electronic Real Estate Recording Commission.

(b) The Electronic Real Estate Recording Commission shall consist of the following:

- (1) Three members appointed by the Minnesota Association of County Officials who are county employees, including one from within the seven-county metropolitan area, one from outside the seven-county metropolitan area, and at least one of whom is a county recorder and at least one of whom is a registrar of titles;
- (2) One member appointed by the Minnesota Land Title Association;
- (3) One member who represents the Minnesota Bankers Association;
- (4) One member who represents the Section of Real Property Law of the Minnesota State Bar Association;
- (5) One non-voting member who is appointed by the other members of the Commission and an expert in the technological aspects of electronic real estate recording; and
- (6) One member who is the state archivist appointed pursuant to section 138.17.

(c) Members of the Electronic Real Estate Recording Commission shall serve four-year terms, except that (1) the initial appointments of county employees shall be for two years and (2) the expert in the technological aspects of electronic real

estate recording shall serve at the pleasure of a majority of the other members of the Commission. All initial terms shall commence on July 1, 2008. Members shall serve until their successors are appointed. Any member may be reappointed for successive terms.

(d) The state archivist shall call the first meeting of the Electronic Real Estate Recording Commission. At the first meeting and biennially thereafter, the Commission shall elect from its membership a chair and a vice-chair to serve two-year terms. Meetings may be called by the chair or the vice-chair or the head of the legislative coordinating Commission. Meetings shall be held as often as necessary, but at least once a year.

(e) A majority of the voting members of the Electronic Real Estate Recording Commission constitutes a quorum to do business, and a majority of a quorum may act in any matter within the jurisdiction of the Commission.

(f) As soon as practicable and as needed thereafter, the Electronic Real Estate Recording Commission shall identify the information-technology expertise it requires and report its needs to the legislative coordinating Commission. The Electronic Real Estate Recording Commission also shall report any other expertise it needs to fulfill its responsibilities. The legislative coordinating Commission shall provide professional and clerical staff and other services and supplies, including meeting space, as needed for the Electronic Real Estate Recording Commission to carry out its duties in an effective manner.

507.xx6 STANDARDS.

To keep the standards and practices of recorders and registrars in this state in harmony with the standards and practices of recorders' and registrars' offices in other jurisdictions that enact a law that is substantially similar to this act, and to keep the technology used by recorders and registrars in this state compatible with technology used by recorders' and registrars' offices in other jurisdictions that enact a law that is substantially similar to this act, the Electronic Real Estate Recording Commission, so far as is consistent with the purposes, policies, and provisions of this act, in adopting, amending, and repealing standards shall consider:

- (a) standards and practices of other jurisdictions;
- (b) the most recent standards promulgated by national standard-setting bodies;
- (c) the views of interested persons and governmental officials and entities;
- (d) the needs of counties of varying size, population, and resources; and
- (e) standards requiring adequate information-security protection to ensure that electronic documents are accurate, authentic, adequately preserved, and resistant to tampering.

507.xx7 RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT.

This act modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. Section 7001, et seq.) but does not modify, limit, or supersede Section 101(c) of that act (15 U.S.C. Section 7001(c)) or authorize electronic delivery of any of the notices described in Section 103(b) of that act (15 U.S.C. Section 7003(b)).

507.xx8 TITLE.

This act may be cited as the Minnesota Real Property Electronic Recording Act.

507.xx9 EFFECTIVE DATE. This act takes effect July 1, 2008.

APPENDIX B

507.094 ELECTRONIC REAL ESTATE RECORDING TASK FORCE.

Subdivision 1. **Creation; membership.** (a) The Electronic Real Estate Recording Task Force established under this section shall continue the work of the task force established under Laws 2000, chapter 391, to implement and make recommendations for implementation of electronic filing and recording of real estate documents.

(b) The task force consists of 17 members. The secretary of state is a member and the chair of the task force and shall convene the first meeting of the task force. Members who are appointed under this section shall serve for a term of three years beginning July 1, 2005. The task force must include:

- (1) four county government officials appointed by the Association of County Officers, including two county recorders, one county auditor, and one county treasurer;
 - (2) two county board members appointed by the Association of Minnesota Counties, including one board member from within the seven-county metropolitan area and one board member from outside the seven-county metropolitan area;
 - (3) seven members from the private sector recommended by their industries and appointed by the governor, including representatives of:
 - (i) real estate attorneys, real estate agents;
 - (ii) mortgage companies, and other real estate lenders; and
 - (iii) technical and industry experts in electronic commerce and electronic records management and preservation who are not vendors of real estate related services to counties;
 - (4) a nonvoting representative selected by the Minnesota Historical Society; and
 - (5) two representatives of title companies.
- (c) The task force may refer items to subcommittees. The chair shall recommend and the task force shall appoint the membership of a subcommittee. An individual may be appointed to serve on a subcommittee without serving on the task force.

Subd. 2. **Study and recommendations.** (a) The task force shall continue the work of the task force created by Laws 2000, chapter 391, and make recommendations regarding implementation of a system for electronic filing and recording of real estate documents and shall consider:

- (1) technology and computer needs;
- (2) legal issues such as authenticity, security, timing and priority of recordings, and the relationship between electronic and paper recorder systems;
- (3) a timetable and plan for implementing electronic recording, considering types of documents and entities using electronic recording;
- (4) permissive versus mandatory systems; and
- (5) other relevant issues identified by the task force.

The task force shall review the Uniform Electronic Recording Act as drafted by the National Conference of Commissioners on Uniform State Laws and the Property Records Industry Association position statement on the Uniform Real Property Electronic Recording Act and recommend alternative structures for the permanent Commission on Electronic Real Estate Recording Standards.

(b) The task force may commence establishing standards for the electronic recording of the remaining residential real estate deed and mortgage documents and establish pilot projects to complete the testing and functions of the task force established in Laws 2000, chapter 391, after considering national standards from the Mortgage Industry Standards Maintenance Organization, the Property Records Industry Association, or other recognized national groups.

(c) The task force shall submit a report to the legislature by January 15 of each year during its existence reporting on the progress toward the goals provided in this subdivision.

Subd. 3. **Donations; reimbursement.** The task force may accept donations of money or resources, including loaned employees or other services. The donations are appropriated to the task force and must be under the sole control of the task force.

Subd. 4. **Expiration.** This section expires June 30, 2008.

