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Survey Reveals Title Industry's Perspective on Mortgage Fraud

excerpted from National Mortgage Professional, 4/30/12

Ernst Publishing Company has released the results of a title industry survey, revealing thoughts and perceptions held by industry insiders regarding mortgage fraud. The survey touched about 9,000 industry participants, many of whom provided detailed answers. About 40 percent of respondents felt that fraud in real estate transactions had increased in the last year, while the respondents were evenly divided on the topic of which type of fraud they were most concerned about. Among the choices: Robo-signing, identity theft, integrity of the record, fraud within the loan transaction, and foreclosure fraud.

"It's clear that lenders are viewing mortgage fraud as a very serious issue and a growing problem," said Jan Clark, senior vice president of [Ernst Publishing Company](#). "We discussed the results with members of the [American Land Title Association \(ALTA\)](#) and the [Property Records Industry Association \(PRIA\)](#), and while our survey revealed that about half of respondents don't believe a national recording system wouldn't have any impact on fraudulent practices, the idea of a national registry provoked quite a debate."

The survey also revealed a lukewarm response to whether or not the [Consumer Financial Protection Bureau \(CFPB\)](#)/Real Estate Settlement Procedures Act (RESPA) changes to the HUD and GFE had helped to mitigate fraud, with approximately 20 percent saying they believed the new rules had a positive impact. Respondents felt that additional steps to combat fraud would be to improve technology solutions, increase notary responsibility, and further certifications for title agents and loan officers.



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News from PREP Chapters

Each PREP Newsletter will highlight one or two PREP Chapters with a brief summary or overview of recent meetings.

Examples of PRIA's Products
["2010/11 PREP Chapter Topics"](#)
["How to get Ready for eRecording"](#)
[Bulk Records Access and Cost \(other PRIA Standards and Publications\)](#)

You can also go to the [PREP Chapter Locator Map](#) and look up all minutes/agendas from each chapter. In this newsletter, we'll be highlighting these chapters: **Washington State and SW Minnesota**

Washington State PREP Chapter:

Co-chairs: Government, Melanie Muzatko at mmuzatko@spokanecounty.org and Business, Diane Mickunas-Ries at diane.mickunas-ries@manatron.com

The Washington State PREP Chapter met on March 21, 2012 in conjunction with the Washington State Auditors Recording Conference. The primary discussion items were around both eRecording and the Business Rules for URPERA. A presentation on eRecording and how it works was given by co-chair Diane Mickunas-Ries. She also showed the short video clip of Simplifile's - "ERecording Made Simple" - a very easy to understand clip that explains how eRecording actually works. Many counties have eRecording now in Washington State and there were presentations from (3) new counties who've installed the services at the conference. URPERA was passed in Washington State in 2008 but the Business Rules still need to be codified. There was a discussion about what is left to do on this project, who the new ongoing commission members should be, with final consensus that the rules should be codified by the end of 2012. The next meeting will be in September of 2012.

SW Minnesota PREP Chapter:

Co-chairs: Government, Julie Kalkbrenner at julie.kalkbrenner@co.kandiyohi.mn.us and Gail Miller at gail_m@co.renville.mn.us and Business, Jim Ohly at jim@ohlylaw.com and Marilyn Rusch at marilyn@mcleodtitle.com

The SW Minnesota PREP Meeting was held on March 22, 2012 in Willmar, MN. The primary topic of discussion for this meeting was entitled: "The other"e" in eRecording, eCRV, eWell, eSubmitters and eAsy" by Kay Wrucke, Martin County Recorder and current President of the Property Records Industry Association, PRIA. There was also a round table discussion about items relevant to this group. The next meeting is tentatively planned for late this summer.



PREP Chapter Meetings May/June 2012

Metro Minnesota
Central Florida
SE Minnesota
Red River MN/SD
Pennsylvania
Nebraska

Contact Information

Do you have questions or suggestions on this newsletter or any updated information on co-chairs, emails, phone numbers etc. please contact us:
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The Paperless Environment: Still A Work in Progress

An interesting article in MortgageOrb (5/10/12) discusses the status of e-documents in the mortgage process. "The benefits of a paperless mortgage process have been discussed for years. As far back as 2005, accelerated turnaround times, decreased costs and better customer service were cited as important benefits of implementing paperless solutions. And while many strides have been made toward paperless processes and seamless collaboration, today's mortgage industry still has challenges to overcome - particularly when the loan hits the secondary market.

With the different responsibilities, technology requirements and other unique needs of each party involved in the loan process, the ability to work together in a successful electronic process comes to a halt after origination. In order to achieve true electronic collaboration through the entire life cycle of a loan, the following three hurdles must be overcome:

- The purchase process of the closed loan lacks transparency and requires re-keying, making it too time- and resource-intensive;
- The origination sector is still heavily document-centric and cannot easily or readily share the data with downstream partners; and
- The limited investor acceptance of electronic notes (e-notes) prevents best execution.

Even with advances in technology, there has been an increase in time to fund in recent years due to an onslaught of rules and regulations, market uncertainty and increased scrutiny. Today, document classification and stacking orders are creating a backlog in many office environments, with lenders dotting their i's and crossing their t's, only to have the investors go back and do it again....

The result is that both lenders and investors are losing time completing manual processes. The lack of incentive to deliver accurately stacked packages negates the primary reason for adoption, and the loss of time and resources on both ends makes it clear that the process is disjointed and cumbersome.

Once the document-classification process improves, the next hurdle is acceptance and ingestion of data. For years, the Mortgage Industry Standards Maintenance Organization (MISMO) had a standard data format available, but until recently, it was not readily collaborated on, and different data files were being reviewed. Once the final package was delivered to the investor, the various pieces of data had to be rekeyed, often resulting in inconsistencies and errors. More importantly, the entire process lacked transparency." ([Read complete article](#))



New Land Fraud Workgroup in PRIA Seeks Volunteers

The PRIA Board of Directors recently approved a new workgroup which will operate under the auspices of the Land Fraud Committee. The new workgroup will develop a Land Fraud Resource Center for the PRIA website which will provide a variety of papers, links, contacts and solutions for members wishing to stay abreast of this ever-growing problem.

Co-chairs Darin Ditmar, Data Trace, representing the business sector, and Mary Louise Garcia, Tarrant Co., Texas, representing the government sector, are now seeking volunteers to assist in populating the Resource Center.

The workgroup is seeking volunteers to work on the following major informational kiosks:

1. Technology Center - Existing technology that supports Land Fraud prevention/notification

2. Government Resources (FBI, CFPB, HUD, etc.) - Why reinvent the wheel? If it's available, let's tap into it.
3. Recorder Solutions - What are other counties doing? We are looking for case studies and best practices.
4. Related associations/stakeholders - Who else cares about this problem? Let's identify them and join forces.
5. Dictionary and FAQs - Aggregate the terms and terminology used in identifying fraud and fraudulent activity. What are the questions being asked by the industry and what are the appropriate responses?

To volunteer for one of these five taskforce areas, contact Stevie Kernick at 919.459.2081

Keep Up With Land Records Issues Across the Country

Almost every day, we post news articles, and PRIA and PREP Chapter information, so feel free to subscribe to both the [PREP Blog](#) and the [PRIA/PREP LinkedIn Group](#) to stay in touch.

Arizona is next State to have 100% of it's Counties eRecording

Arizona has become the second multi-jurisdictional state in which 100 percent of its 15 counties are eRecording. Pima County is now electronically recording documents. Colorado was the first multi-jurisdictional state to earn the 100 percent designation, while Hawaii also claims 100 percent with its state-based recording system.

"As only the second multi-jurisdictional state in the nation to actively pursue and successfully implement electronic recording of documents across 100 percent of its counties, Arizona has united with industry partners to provide an exceptional service to its citizens," explains Helen Purcell, recorder, Maricopa County. "Along with Colorado and Hawaii, Arizona is proud of the successful collaboration that it took to achieve this uniformity, and the results are proving that real efficiency in government can be the norm."

With the number of counties that are eRecording across the nation nearing the 800 mark, more states are expected to join Arizona, Colorado and Hawaii with 100 percent involvement. "It's exciting to see so many counties embracing this technology and, along with the technology, the PRIA standards," said Kay Wrucke, Martin County, Minn., Recorder, and current President of PRIA.

Recent Links to National News

[The Financial Stability Oversight Council's Role In The Recovery](#) - "The financial crisis revealed that the risks facing our system can be correlated and crosscutting, and that they could affect multiple firms and markets simultaneously."

[U.S. Bankruptcy Court Judge Affirms MERS™ Role As Mortgagee in Kansas](#) - "MERSCORP Holdings, Inc. today announced that Judge Robert D. Berger of the United States Bankruptcy Court for the District of Kansas ruled in three April 30th decisions that a mortgage naming Mortgage Electronic Registration Systems, Inc. (MERS) as mortgagee is valid and enforceable."

[Cape County \(MO\) approves contract for electronic processing in recorder's office](#) - "The Cape Girardeau County Commission approved Monday a contract with an electronic document processing company toward further using digital technology in the recorder's office."

[4% a Year Rise in U.S. Home Prices?](#) - "Average U.S. home prices - down by a third since 2006 and still falling - will rise almost 4% a year for the next five years, according to a new forecast."

[Mortgage-Aid Revisions Paying Off for Lenders and Some Borrowers -](#)
"Changes to streamline the Home Affordable Refinance Program are helping some underwater homeowners get lower-interest loans. Those still-above-market rates, meanwhile, are boosting banks' profits."

ALTA NEWS: Title Action Network Launched to Connect Title Professionals with Statehouses and Congress

ALTA publically launched the Title Action Network, a free and voluntary endeavor dedicated to strengthening the industry's voice and impact on lawmakers in Washington, D.C., and state capitals across America.

The Network operates exclusively to promote the common business interests of the industry through grassroots advocacy activities. ALTA encourages everyone employed in the land title insurance industry from processors to closers, to join the Network and have an ownership stake in the outcome of laws and regulations that affect the industry by lobbying and building relationships with policymakers.

"With the political climate at what it is today, grassroots efforts have become more important than ever," said Tim Evans, president of Evans Title Agency in Ohio and chair of the Title Action Network. "To really persuade members of Congress, everyone working in the title insurance industry must get involved and show that issues in question are really important to the folks back home."

It's easy to become a member and take action because everything can be done online. You can register and find more information at www.alta.org/tan or contact Nick Hacker, ALTA's manager of state government affairs, at nhacker@alta.org

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