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Volume 15 - March 2011

"The main thing I want to say about eRecording is - why on earth did I wait so long to implement it??"

This is one of our favorite quotes about eRecording and one that was heard two weeks ago at the Washington State Recorder's Conference and PREP Meeting from Vicki Dalton, Spokane County Auditor. And we've heard similar comments frequently from new users of eRecording on both sides of the document prep and receiving aisle. It seems that the mystery and fear about using eRecording are fast disappearing across the country.

Lori Augino, Chief Deputy Auditor, from Pierce County, Washington and a Manatron customer, told me that her Recording Department now processes about 25% of all documents using eRecording. "What I appreciate the most, is that my staff is able to focus on document and data integrity, accuracy and preservation more than on data entry, mail prep and scanning." She mentioned that the implementation of eRecording was not at all difficult and she looks forward to the implementation of the new version of GRM Recorder in the fall which will then allow them to eRecord all transfer/excise tax related documents as well as auto-transferring all tax revenues directly to the state's Department of Revenue.

John McGauley, Recorder from Allen County, Indiana is a Fidlar Recording System user and an eRecording Partners Network (ePN) user for eRecording and is a passionate supporter of eRecording. "We've had eRecording for almost 3 years, and I've yet to see a downside to using it," John said, "In fact, we now do about 20% of all recordings using eRecording, and we've done detailed process analysis in our office that conservatively shows we are saving about 3 minutes/document in staff time which amounts to about 955 hours of saved labor time and a 25% reduction in staff positions needed to do our Recording function. I couldn't be more pleased with the results of using this feature." John also mentioned that it was the easiest technology transition he's made in his office; it worked well initially and was very much a turnkey application.

An area of concern for counties considering eRecording, is how to process the financial payments. John McGauley, as a pioneer user of eRecording in Indiana, actually went to the Indiana State Board of Accounts to assess whether or not there were any impediments, financially or legally to using ACH (Automated Clearing House) accounts for monetary transfers. He was assured by this Board that there are no impediments at all and in fact they saw the use of ACH



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as very reliable and much more secure than taking checks and cash over the counter. This kind of feedback assured many of the other Recording officials in Indiana and they now have over 25 counties in the state using or implementing eRecording presently

From the document submitter perspective, there are also great benefits to using eRecording. "We see the biggest benefit being a huge reduction in Recording "losses" - eRecording keeps documents in the correct order for Recording, and makes it easier for the content of the document to be accurate. Plus the turnaround time gap to the closers is reduced considerably," says Heather Birkholz, from ET Investments. ET Investments is a holding company for title agencies, and works in tandem with a variety of document submitting vendors in Texas and Colorado including ePN (eRecording Partners Network). "I see document volumes really speeding up as far as the increase in use of eRecording," says Heather, "and I have seen a dramatic rise in the comfort level and ease of using eRecording both by counties and title agencies."

"I am especially excited about the cost efficiency and customer service we've been able to provide by using eRecording over the last year," states Lori Gadbois, Recorder of Deeds from Kankakee County, Illinois. Lori is a Fidlar system customer and has been eRecording for about one year. "I was amazed at two things: the quick response time to customers, and our mailing cost and document handling savings. Of course I was happy to know that our customers were actually feeling the difference and that they too were reaping the financial benefits of quicker, more accurate recording of their documents." Josh Langfelder, Sangamon County Recorder, Illinois and also a Fidlar customer, said: "We've gone from 0 to 13% e-recorded documents in only 7 months. I came from the banking industry originally, and I appealed to the local banks in our area to start using this much more efficient method of recording. They understood the benefits of saving check transfer, mailing and labor costs right away and signed up immediately." Josh also noticed staff time savings and they now save 2-4 minutes per document which staff uses for backlog document indexing and scanning. "I couldn't be happier with using e-Recording and I think in the future the eRecording document volumes we'll receive will give us huge opportunities to streamline our entire recording process."

With 601 recording jurisdictions now using eRecording in the United States, it seems we've come to a pivotal point with this technology. And as jurisdictions and vendors implement further processes to transfer fees and taxes when necessary so that deeds can be eRecorded, we'll see a large volume increase in the industry using eRecording for all their documents. It's truly an exciting area for all involved!

Thanks to:

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Upcoming PREP Chapter Meetings

April/May 2011

West Central Florida
Metro Minnesota
Central Florida
Red River MN/ND
SE Minnesota
West Michigan
Nebraska
California

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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PREP Blog is launched

- **PREP Blog** - The PREP Blog (www.prepchapters.org) provides a forum for PREP Chapter participants, PRIA members, and interested industry partners to discuss the many real property related issues we all face together. The BLOG regularly posts national news affecting real property, PREP Chapter news, and chapter minutes, industry press releases, and state and federal legislation affecting all aspects of real property records and issues. [Please subscribe to the PREP Chapter blog](#). We look forward to your comments and to receiving posts from you!

Groundbreaking News for Notaries

On March 29, 2011 the Virginia Legislative Web site reported that the Virginia Governor signed the bill allowing electronic notarizations to be performed via video-conference technology and without the signer having to physically appear before the Electronic Notary. This provision in [House Bill 2318](#) takes effect July 1, 2012.

Links to National News

[The Argument for Electronic Warehouse Mortgage Lending](#) - "Loan originators may be able to fund six to seven times as many loans with the same amount of available credit simply by adopting an eMortgage platform, according to a panel at the **Mortgage Bankers Association's** technology conference in Fort Lauderdale, Fla., Tuesday."

[13% of All U.S. Homes are Vacant](#) - "High residential vacancies are killing many housing markets as foreclosed homes sit on the market

and depress sale prices and property values."

[Home Prices, Consumer Confidence in U.S. Probably Fell](#) -

"Residential real estate prices probably dropped in January by the most in more than a year, raising the risk that home sales will keep slowing, economists said before a report today."

[LPS: Foreclosure Backlog Stands at 30x Foreclosure Sales Volume](#) -

"New data released by Lender Processing Services (LPS) Monday show that while delinquencies continue to decline, an enormous backlog of foreclosures still exists with overhang at every level."

[Consumer Spending Keeps Rising](#) - "U.S. consumer spending rose 0.7% in February, the largest increase since October and the eighth straight month of gains, easing some worries about the economic recovery."

ALTA NEWS: Missouri Supreme Court Rejects Industry Plea to Hear Case Impacting Cost to Access Records

Offering no explanation, the Missouri Supreme Court rejected an appeal from the Missouri Land Title Association (MLTA) to hear a case that could cost the title insurance industry millions of dollars a year to purchase recorded documents and maintain title plants.

The MLTA filed an Application for Transfer to the Supreme Court after an appeals court rejected its appeal regarding a 2009 decision in Webster County whether or not a title company can buy previously recorded documents from the Recorder of Deeds without application of the "Missouri Sunshine Law." This law provides that the cost for purchasing documents would be limited as directed by this statute. The court ruled that recorders were not limited by the "Missouri Sunshine Law," but could charge up to their statutory fee under the recorder's statute of \$2 for the first page and \$1 for every other page even for bulk sales of documents. This would allow recorders to make a profit off these sales.

John Coghlan, an attorney with the Kansas City-based law firm Lathrop & Gage representing the MLTA, said the association may seek a legislative remedy that would confirm bulk sales of documents by a recorder's office are covered under the "Missouri Sunshine Law."

As an example of how this could impact the industry in Missouri, Jackson County charges \$250 for a month's worth of documents on a disk. This represents the cost to produce the disk. Under the Sunshine Law, the county is only allowed to recover costs (not entitled to a profit). As it stands now, it would be possible for the recorder to decide to charge up to the statutory limit. There are roughly 11,000 documents, averaging three pages per document, filed in the county per month. If the county decides to charge \$1 per page, it would cost \$33,000 per month compared to \$250

PREP Chapter News

In this newsletter volume, we'll be highlighting both the [Washington State and the Metro Minnesota PREP Chapters](#). ([Read complete article](#)). You can also read the minutes from any of the [PREP Chapters](#) on the PRIA/PREP website.

Washington State PREP:

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

The Washington State PREP Chapter met on March 23, 2011. Carolyn Ableman, PREP National Coordinator, presented to the group a refresher on "what is PRIA" and "how PREP can help you". The presentation included some of the following topics: the meaning of PRIA and PREP, Identifying issues for your PREP, standards and best practices, and the PRIA board positions are divided between government and business. Carolyn identified eRecording as still being the 'hot topic' and generating a lot of interest. Additionally, Carolyn talked about how PRIA does not 'certify' eRecording systems, but can help all of us with standard setting guidelines in eRecording and many other areas such as bulk records, 1st page indexing, URPERA guidelines, GIS Best practices, etc. PREP can be a great networking alliance at the local level and can keep people informed about the PRIA standards and other products. Carolyn identified future challenges that PRIA is looking at: Fraud, Identity theft, Internet access and Bulk Sale of records, Redaction/Privacy protection, and the role of Recorders (i.e. gate keepers or protectors?).

Some of PRIA's workgroups were discussed, including: PREP, GIS (integrating all land records with unique identifiers such as Parcel ID), Uniform Document Numbering Standards, Portals (definition and potential use), Bulk Record Sales, Notary (e-Notary), eRecording, International Land Records Management- China getting involved. Carolyn also mentioned other US PREP Chapter Activity: 1) Colorado - Privacy Task Force. PTF is setting guidelines on state's definition of privacy and how to protect it on public records; 2) Central Florida - Fraud is a big issue in Florida. This PREP group has been instrumental in responding to privacy legislation, eRecording standards for the State, and has formed panels for : 1) Fraud protection; 2) Foreclosure issues; and 3) eRecording; 3) Missouri - Top issues have been 1) Property Fraud; 2) Using Portals in the state; 3) Mechanics Liens; and, 4) Pennsylvania - Top issues and discussion points have been 1) Title Insurance review; 2) Title industry updates; 3) Eliminating need for mylar copies of surveys, and 3) History of Land Records.

Carolyn's presentation was followed by discussions as follows: 1) Redaction/Privacy: Question - is Redaction an important topic for

Washington? We do not yet have redaction laws. The group enthusiastically agreed that it is indeed an important topic. Jerry Pettit mentioned the State Archives is working on software to redact county images, upon request. Skip Moore asked if archives posts 'redacted' images while the county is posting un-redacted images? The answer is - NO. If the county requests this redaction, they will comply. Otherwise, they post what the county posts. Jerry will acquire more information on what redaction services the State Archives will and/or can provide. This may be an excellent option for counties not able to fund redaction. It was agreed that the next meeting will include REDACTION as the number one topic. A Workgroup will be developed to gather information and recommend guidelines for county Recorder use. Jerry P. and Skip M. both volunteered to be on this committee. 2) Land Fraud: Is it a topic we need to be paying attention to? Yakima (Jennifer) is using a Land Fraud Notification application developed by their Recording Vendor, Fidlar. Jennifer stated that users are responsible for signing up, Fidlar maintains the database and does all the work. She doesn't worry about it at all. Collyer from Stewart Title discussed how the underwriters, escrow agents are all working very hard to stop fraud before it gets to the Recorder's Office. The topic is somewhat lukewarm but is still important. We need to stay on top of this. 3) MERS: Always a discussion topic these days. Important points: Problem was not created by Recorders, Things went wrong with the economy, MERS document recording system crashed, original documents cannot be found. Carolyn read an email from Mark Ladd discussing legal aspects. Some counties have been receiving calls from activists, lawyers, and other counties asking if they are considering 'suing' MERS for funds not collected. The general consensus is that such type of legal action would be very expensive and may not be the best use of taxpayer funds. It does not seem a good idea - counterproductive.

Metro Minnesota PREP:

Co-chairs: Government, Jennifer Wagenius at jennifer.wagenius@co.washington.mn.us and Business, Darlene Missler at dmissler@firstam.com

Topics discussed at the February 20, 2011 Metro Minnesota PREP meeting included the following: 1) Legislation: a) The BAR Assn has not had much presented yet. b) MLTA - yesterday the Senate introduced a bill to regulate the title industry which would include having at least \$250,000 net worth, carrying \$100,000 bond and \$500,000 O&E insurance. Effective 7/1/11 underwriters would be liable for actions of their agents. c) The Realtor Assn doesn't expect big changes on the real estate front until spring 2012. d) MCRA is not sponsoring any bills. Others will be presenting bills to downsize government and share services. 2) ERERC - Mike Cunniff mentioned that several industry members spoke at the recent MACO conference to promote e-recording. Hennepin Co. is beginning the process to e-record. Sherburne Co. is doing some e-recording. Anoka Co. will begin the process within 1-2 months and Nicollet Co. is looking at late 2011. 3) New Business - HUD has new purchase agreement forms. They include items pertaining to who pays for the owner's policy and

who records which documents. Now the HUD closer records the deed and the title insurer records the mortgage. In-state title companies are not competing for business amongst themselves; they are competing for business with national companies which do not understand Minnesota real estate laws. There has been some up-tick in cash sales. 4) Wells Fargo is making party's record deeds to clarify names on the titles. This appears to be an added expense for the home owner. They will withhold the re-fi until the new deed is filed. The next meeting will be held April 14, 2011.
