



# Office of the Minnesota Secretary of State

## **Electronic Real Estate Recording Task Force 2006 Report to the Minnesota Legislature**

**January 17, 2006**

This report can also be found at:

<http://www.sos.state.mn.us/home/index.asp?page=383>

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## EXECUTIVE SUMMARY

### A. Status

The Electronic Real Estate Recording Task Force (ERERTF) was authorized to establish statewide standards to be used as the foundation for electronic real estate recording in Minnesota, under Laws 2000, Chapter 391. Since the inception of this original Task Force in 2001, the Task Force has completed initial development efforts for Phase I e-recording standards. The original Task Force and its authority expired on June 30, 2004.

During this time pilot testing of e-recordings was broken into two phases. Phase I pilot tests of the e-recording of Satisfactions of Mortgage, Certificates of Release and Assignments of Mortgage were conducted to implement and make recommendations for implementation of electronic filing and recording of real estate documents. Phase II is to address e-recording for Mortgages, Deeds, Certificates of Real Estate Value (CRV), and Well Certificates.

Phase I pilot testing was implemented from October 2003 through June 2004 with over 5,000 Satisfactions of Mortgage, Certificates of Release and Assignments of Mortgage documents e-recorded using Minnesota's ERERTF standards. Several thousand more documents have been recorded since resumption of authority on June 17, 2005. Pilot counties follow the standards as described in Minnesota Statutes 507.093, Subd. (b). (See Appendix A)

The Electronic Real Estate Recording Task Force was reestablished by Laws 2005, Chapter 156, passed by the Legislature on May, 23, 2005, signed by the Governor on June 3, 2005 and filed with the Secretary of State on June 6, 2005. See Minnesota Statutes, section 507.094, which is located on the Revisor's website at <http://www.revisor.leg.state.mn.us/>.

The Governor appointed seven members from the private sector and two title company representatives effective November 1, 2005. In addition, four county members were appointed by the Minnesota Association of County Officers (MACO), and two county commissioners were appointed by the Association of Minnesota Counties. The Minnesota Historical Society is represented by a non-voting member; the Secretary of State is the Chair of the Task Force and a voting member.

The newly reconstituted Task Force met for the first time on December 2<sup>nd</sup>, 2005. The main focus is to continue the work already started on Phase II. Phase II planning had already begun with the original Task Force's Phase II planning committee. With the completion of Phase II, Minnesota will be the first state to completely automate the real estate recording process.



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The ERERTF invites the legislature and the public to visit its web site for more details about this important e-government initiative.

<http://www.sos.state.mn.us/home/index.asp?page=364>

## B. Task Force History

### 1. Inception

The Minnesota Legislature, in Laws 2000, Chapter 391, authored by Senator Steve Kelley and then-Representative, now-Governor Tim Pawlenty, asked Secretary of State Mary Kiffmeyer to establish a Task Force to study and make recommendations on the electronic filing of real estate documents.

Minnesota Statutes 507.094 reinstated the Task Force to continue the work of the previous Task Force, and make recommendations regarding implementation of a system for electronic filing and recording of real estate documents. The Task Force will continue by establishing standards for the electronic recording of the remaining real estate documents, especially the deed and mortgage documents, known as Phase II documents.

### 2. Membership

The Task Force now consists of 17 members. The Secretary of State is a member and chair of the Task Force. Members who are appointed shall serve for a term of three years expiring June 30, 2008. The Task Force includes four county government officers, two members of county boards of commission, seven members from the private sector including representatives of real estate attorneys, real estate agents, mortgage companies, other real estate lenders and technical and industry experts, a nonvoting representative selected by the Minnesota Historical Society and two representatives of title companies.

The members of the Task Force are:

<b>Name</b>	<b>Title</b>	<b>County</b>
Mary Kiffmeyer, Chair	Secretary of State	Sherburne
Timothy Anderson	Citizen - Mortgage Company	Blue Earth
Chuck Baggeroer	Citizen - Technical and Industry Expert	Hennepin
Jeanine Barker	County Recorder	Lyon
Regina Brown	Citizen - Mortgage Company	Hennepin



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Teresa Bulver	Citizen - Mortgage Company	Dakota
Michael Cunniff	County Recorder and Registrar of Titles	Hennepin
Dennis Fink	County Commissioner	St. Louis
Shirlee Heitz	Citizen - Realtor	Sherburne
Robert Horton	State Archivist - Minnesota Historical Society	Ramsey
Geri Kane	Citizen - Title Company	Dakota
Fritz Knaak	Citizen - Real Estate Attorney	Ramsey
Dennis Kron	Deputy County Auditor	Stearns
Carol Leonard	County Treasurer - Auditor	Dakota
Jan Parker	County Commissioner	Ramsey
Eileen Roberts	Citizen - Real Estate Attorney	Hennepin
Jinnelle Weis	Citizen - Title Company	Hennepin

### **3. Definition**

The ERERTF defined its mission as the need to study the current paper based system and the feasibility of an electronic mode of real estate recording. Authorized standards were adopted on June 13, 2002. (See: <http://www.sos.state.mn.us/home/index.asp?page=398>)

### **4. Recommendation**

The ERERTF Standards for Phase II will be tested in pilots at a diverse subset of Minnesota counties. From these pilots the ERERTF can best demonstrate a practical and cost-effective alternative to the current paper-based filing process. Upon the adoption of filing standards and a final report, a recommendation will be made to the Minnesota legislature to adopt a final complete version of the standards as Minnesota's statewide methodology.



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## C. Benefits to Stakeholders

The use of electronic recording standards will benefit property owners whose real estate documents can be more efficiently recorded with the county. Government agencies will benefit as they can process submissions more efficiently, less costly and with more accuracy.

Other identified benefits of using standards include but are not limited to:

1. Establishing a level playing field for all counties to participate in electronic real estate recording.
2. Crafting an infrastructure - independent standard allowing for participants to select the technology best suited to their needs.
3. Shortening the preparation time for counties and trusted submitters to begin e-recording.
4. Saving paper and time in the origination, closing, delivery and recording of documents.
5. Reducing the number of document errors.
6. Keeping stakeholders on pace with an ever increasing volume of documents for recording and document complexities.

## D. Summary of Revenue

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. No such revenues have been received by the revived Task Force, to date.

## E. Summary of Expenditures

As previously appropriated to the Legislative Coordinating Commission in past biennia, there is a budget of \$50,000 (\$25,000 per fiscal year) to support the administration of the Task Force. These funds have been appropriated to the Office of the Secretary of State.



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## F. Accomplishments

### 2000 to 2004

The previous Task Force made significant accomplishments in developing standards for electronic real estate recordings for Satisfactions of Mortgage and a Certificate of Release. Five (5) original pilot counties participated in Phase I by accepting electronic filing of real estate documents, for Satisfactions of Mortgage, Certificates of Release and Assignments of Mortgage:

- Dakota
- Hennepin
- Lyon
- Renville
- Roseau

### 2005

On December 2, 2005, the newly reconstituted Task Force fully or conditionally approved ten (10) additional Phase I pilot counties to proceed with electronically recording real estate documents. Requirements include that the pilots report to the Task Force, follow the standards and use validated software. These additional counties have been acknowledged as ERERTF pilot counties who will use the validated software:

- Beltrami
- Blue Earth
- Cass
- Clay
- Faribault
- Jackson
- Lincoln
- Wabasha
- Watonwan
- Wilkin

NOTE: In addition, seven more counties were fully approved prior to submission of this report, on January 5, 2006:

- Big Stone
- Carlton
- Hubbard
- Kandiyohi
- McLeod
- Polk
- Wadena



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In November 2005, all ERER Task Force documents previously stored on the Legislative Coordination Commission (LCC) website were migrated to the website of the Office of the Secretary of State. The Office of the Secretary of State currently maintains and manages the Task Force documents. See: <http://www.sos.state.mn.us/home/index.asp?page=364>

## Phase II Planning

Phase II pilot projects, as discussed by the previous Task Force, will include developing, testing, and evaluating standards for the electronic recording of the Certificate of Real Estate Value (CRV), conveyancing documents such as deeds, encumbering documents such as mortgages, and the Well Certificate.

### A. Phase II Pilot Project Plan

#### 1. Develop Standards

A process and format similar to that used to develop the standards in Phase I will be followed.

- Technical experts will be engaged to develop standards for Phase II documents and update the standards already developed in Phase I as necessary and appropriate, and to evaluate vendor software written to those standards' specifications as part of implementation of pilot projects.
- These technical experts will also be charged with validating that software used by selected pilot counties and trusted submitters works as designed in both the private and public sectors.
- During Phase II, project management services will also be necessary, and should be rendered by vendors who are industry specific technical experts with experience in e-recording and e-commerce.

In addition, research and inclusion of existing national standards set by organization such as Mortgage Industry Standards Maintenance Organization (MISMO), Property Records Industry Association (PRIA), and the American National Standards Institute (ANSI) will continue to be considered.

The Task Force is working with the Department of Revenue on the implementation of the electronic Certificate of Real Estate Value (CRV) as the first task in Phase II.





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## 2. Pilot Counties

To obtain status as a pilot county for Phase I e-recordings, the county board and county recorder must submit to the Task Force a written certification of compliance pursuant to Laws 2005, Chapter 156, Article 2, Sections 41 and 43, that includes the following statements:

- a. The county will comply with standards adopted by the Task Force; and
- b. The county will use software that was validated by the Task Force; and
- c. The document to be recorded or filed is of a type included in the pilot project.

The Task Force must accept such a certification.

Once accepted the pilot county participating in the pilot project for the electronic filing of real estate documents, may record or file Phase I documents electronically.

## 3. Testing Implementation

Testing the implementation of Phase II standards will allow for a review of how standards operate in different counties that experience different recording volumes, use different technology, have different staff levels, and work with different private sector partners.

## 4. Measure Progress

The Task Force will use an online process to compile monthly reports of Phase I and Phase II pilot counties. These reports will be reviewed at the monthly Task Force meetings and acted upon as needed.



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## **B. Process**

### **1. Standards Methodology Overview**

The approach to developing electronic recording standards is outlined in the Task Forces 2001 Work Plan Report to the Legislature. (See Appendix C). This process followed closely the three principles of standards developed by the American National Standards Institute (ANSI). ANSI principles for standards development were followed and are reflected in the Task Force's plan and approach to standards development:

- Due Process
- Openness, and
- Balance.

The Task Force's project plan for development and testing in Phase I was organized using the following:

- Assess and identify needs, considerations and concerns of affected parties;
- Identify features / index standards; and
- Pilot test and recommendation of standards.

The reconstituted Task Force will use the same approach and project plan for Phase II of the project.

### **2. Pilot Planning and Implementation**

The measurement of pilot activity includes evaluation of standards based on feedback from pilot testing and a review of pilot results against national interests, Minnesota legislative, county and customer interests and business needs. An implementation guide was created for Phase I work and will assist new pilot counties in their development of project plans.

### **3. Pilot Testing and Measurements**

Testing proposed e-recording standards is an absolute necessity. Schema standards were agreed upon by the Task Force for testing and measurements of the CRV, Deed and Assignment of Mortgage. (See <http://www.sos.state.mn.us/home/index.asp?page=399>).



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The Task Force will consider breaking down testing for Phase II into three sections:

1. Phase IIA – the Assignment of Mortgage (this testing was included in Phase I).
2. Phase IIB – will include the Mortgage document, which travels through the Auditor, Treasurer and Recorder's office.
3. Phase IIC – will include the Deed, The CRV and the Well Certificate. The CRV is filed with the Department of Revenue and the Well Certificate with the Department of Health. The Department of Revenue is working with Dakota and Hennepin Counties as pilots to test Certificates of Real Estate Value.

Testing of new pilot counties will follow the same standards and measurements.

## **Best Practices**

The following are the best practices recommended for use by pilot counties.

- Virus scanning software needs to be loaded on the e-recording server that will reside in the county to protect the integrity of the system.
- In manual, paper processes, larger counties may have an "assembly line" model for recording documents. When moving to electronic recording, staff needs to understand the entire recording process. This is because staff will move from recording paper documents to handling exceptions. For example, electronically filed documents with errors will move to an "exception queue" for attention from individuals. These documents may be rejected in any stage of the recording process. Recording staff needs to be able to identify and deal with document errors no matter where they appear within the document.
- For better data integrity, cross references between electronically recorded documents and indexing systems should be made whenever possible. For example, recording systems should match reference numbers on Satisfactions to mortgage numbers in the indexing system.
- Prior to beginning electronic recording, the county must determine how to integrate electronic document numbers with paper document numbers.
- When beginning to record electronically with any new trusted submitter, start by recording only a few documents at a time. This allows the recording staff to individually review electronic documents and identify any problems immediately.



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## 4. Pilot County Reporting

Standard measurement criteria was created for the original five pilot counties to ensure that a comparison of before and after scenarios is possible and results can be compared across counties. First, the baseline information for paper documents was gathered and then monthly reports of e-recording measurements were submitted to the task force. The baseline information is gathered one time for each county.

The method chosen by the Task Force for pilot county reporting uses Web-based data entry and reporting. For original pilot counties the data gathered will be for e-recording activity from June 17, 2005 forward. New pilot counties will enter baseline information and future e-recording activity on a monthly basis.

The original five pilot counties are: Dakota, Hennepin, Lyon, Renville and Roseau.

Pilot counties approved on or after December 2, 2005 are: Beltrami, Big Stone, Blue Earth, Carlton, Cass, Clay, Faribault, Hubbard, Jackson, Kandiyohi, Lincoln, McLeod, Polk, Wabasha, Wadena, Watonwan, and Wilkin.

That makes a total of 22 pilot counties as of the date of this report.

### Baselines

The data gathered for the baseline related to paper filings for the five original pilot counties. The data gathered for this can be found in Appendix B. The same criteria will be used for new pilot counties as well and is as follows:

1. Number of documents processed
2. Number of steps involved in processing documents
3. Staff hours spent processing – per document
4. Number of documents rejected
5. Average number of days from date of receipt to date indexed for a year
6. Percent of recorded documents mailed back to submitter (estimated for a year)

### E-Recording

The original five pilot counties submitted monthly reports to the task force showing e-recording activity. In 2006, monthly reporting to the task force by original and new pilot counties will occur and include the following criteria for each document type.

1. Date of first e-recording
2. Cumulative total of e-recordings to date
3. Successes and Challenges



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4. List trusted submitters
5. First date of e-recording for each specific document type
6. Number of e-records by type for the previous month
7. Number of e-records by type to date

Original Pilot County statistics for e-recording from first e-filing through 6/30/04.

County	Mortgage Satisfaction	Cert. of Release	Assignment	Total for Time Period
Dakota				4566
Hennepin	494	3	0	497
Lyon	76	0	0	76
Renville	1	0	0	1
Roseau	*			
<b>TOTAL</b>	<b>571</b>	<b>3</b>	<b>0</b>	<b>5140</b>

\*10/20/05 was the date Roseau County started e-recording.

Original Pilot County statistics for e-recording between 6/6/05 and 12/31/05.

County	Date Resumed e-recording	Mortgage Satisfaction	Cert. of Release	Assignment	Total for This Time Period
Dakota	6/17/05	1353	0	0	1353
Hennepin	8/2/05	2377	0	0	2377
Lyon	8/10/05	48	0	0	48
Renville	7/1/05	4	0	0	4
Roseau	10/20/05*	7	0	0	7
<b>TOTAL</b>		<b>2436</b>	<b>0</b>	<b>0</b>	<b>2436</b>

Original Pilot Counties Cumulative Totals:

County	Cumulative Total to Date
Dakota	5817
Hennepin	2874
Lyon	124
Renville	5
Roseau	7*
<b>TOTAL</b>	<b>8828</b>



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## 5. Trusted Submitters

Pilot counties are working with private sector partners, known as “Trusted Submitters”, who also follow the ERER Task Force standards for filing electronically with the county. The Task Force has established official contracts with all pilot counties to ensure all parties utilize the ERERTF standards in their work. Contracts also ensure that pilot results are measured and reported in a consistent fashion and are regularly collected and reviewed during this process.

Current trusted submitters include US Recordings and Hometown Bank. The Task Force is working with many new companies interested in becoming Trusted Submitters with Phase I pilot counties.

Each Trusted Submitter:

- a. is legally able to transact real estate business in Minnesota;
- b. has established a letter of intent with the county that will be accepting the electronic real estate records;
- c. has agreed to follow the Minnesota Electronic Real Estate Recording Standards as part of the contractual agreement; and
- d. has performed a test submission with the county to prove that the standards have been followed.

## ON GOING PROJECT COMMUNICATIONS

The Task Force will meet regularly. Meetings are held at the Minnesota State Retirement Building in St. Paul and information is posted on the Task Force section of the OSS website.

Meeting minutes will be taken and once approved by the Task Force posted to the OSS website.

Other resources as identified by the Task Force will be posted to the OSS website.

## LIST OF APPENDIXES

- A. Authorizing Statute for Original Task Force
- B. 2004 Executive Summary – Baseline Final Report
- C. 2001 WorkPlan - See:<http://www.sos.state.mn.us/docs/workplan.pdf>

## APPENDIX A

### Enabling Language

#### CHAPTER 156-H.F.No. 1481

An act relating to government operations; appropriating money for the general legislative and administrative expenses of state government; regulating state and local government operations; modifying provisions related to public employment; ratifying certain labor agreements and compensation plans; regulating elections and campaign finance; regulating Minneapolis teacher pensions; modifying provisions related to the military and veterans; authorizing rulemaking; amending Minnesota Statutes 2004, sections 10A.01, subdivisions 5, 26, 35; 10A.025, by adding a subdivision; 10A.071, subdivision 3; 10A.08; 10A.20, subdivision 5; 10A.27, subdivision 1; 10A.28, subdivision 2; 10A.31, subdivisions 4, 5; 11A.24, subdivision 6; 13.635, by adding a subdivision; 14.19; 15.054; 15.06, by adding a subdivision; 16A.103, by adding a subdivision; 16A.1286, subdivision 3; 16A.151, subdivision 2; 16A.152, subdivision 2; 16A.1522, subdivision 1; 16A.281; 16B.04, subdivision 2; 16B.33, subdivision 4; 16B.48, subdivisions 4, 5; 16C.10, subdivision 7; 16C.144; 16C.16, subdivision 1; 16C.26, subdivisions 3, 4; 16C.28, subdivision 2; 16E.01, subdivisions 1, 3; 16E.02; 16E.03, subdivisions 1, 2, 3, 7; 16E.04; 16E.0465, subdivisions 1, 2; 16E.055; 16E.07, subdivision 8; 43A.23, subdivision 1; 190.16, by adding a subdivision; 192.19; 192.261, subdivision 2; 192.501, subdivision 2; 193.29, subdivision 3; 193.30; 193.31; 197.608, subdivision 5; 200.02, subdivisions 7, 23, by adding a subdivision; 201.014, subdivision 2; 201.061, subdivision 3; 201.071, subdivision 1; 201.091, subdivisions 4, 5; 201.15; 203B.01, subdivision 3; 203B.04, subdivisions 1, 4, by adding a subdivision; 203B.07, subdivision 2; 203B.11, subdivision 1; 203B.12, subdivision 2; 203B.20; 203B.21, subdivisions 1, 3; 203B.24, subdivision 1; 204B.06, subdivisions 1, 4; 204B.10, subdivision 6; 204B.14, subdivision 2; 204B.16, subdivisions 1, 5; 204B.18, subdivision 1; 204B.24; 204B.27, subdivision 1; 204C.05, subdivision 1a; 204C.06, subdivision 2; 204C.07, subdivision 4, by adding a subdivision; 204C.08, subdivision 1a; 204C.10; 204C.12, subdivision 2; 204C.24, subdivision 1; 204C.28, subdivision 1; 204C.50, subdivisions 1, 2; 204D.03, by adding a subdivision; 204D.14, subdivision 3; 204D.27, subdivision 5; 205.175, subdivision 2; 205A.09, subdivision 1; 206.57, subdivision 5; 208.03; 208.04, subdivision 1; 208.05; 208.06; 208.07; 208.08; 211B.13, subdivision 1; 240A.03, subdivision 5, by adding a subdivision; 299C.65, subdivisions 1, 2; 349A.10, subdivision 3; 359.01, by adding a subdivision; 383B.151; 403.36, subdivision 1; 447.32, subdivision 4; 471.895, subdivision 3; 471.975; 507.093; 507.24, subdivision 2; 524.5-310; Laws 1998, chapter 404, section 15, subdivision 2, as amended; Laws 2000, chapter 461, article 4, section 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 5; 6; 8; 10; 14; 15; 16B; 16C; 16E; 43A; 168; 190; 298; 471; 507; repealing Minnesota Statutes 2004, sections 3.9222; 16A.151, subdivision 5; 16A.30; 16B.48, subdivision 3; 16B.52; 16E.0465, subdivision 3; 43A.11, subdivision 2; 197.455, subdivision 3; 204C.50, subdivision 7; 471.68, subdivision 3; Minnesota Rules, parts 4501.0300, subparts 1, 4; 4501.0500, subpart 4; 4501.0600; 4503.0200, subpart 4; 4503.0300, subpart 2;

4503.0400, subpart 2; 4503.0500, subpart 9; 4503.0800, subpart 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

## ARTICLE 2

### STATE GOVERNMENT OPERATIONS

Sec. 40. Minnesota Statutes 2004, section 507.093, is amended to read:

507.093 [STANDARDS FOR DOCUMENTS TO BE RECORDED OR FILED.] (a) The following standards are imposed on documents to be recorded with the county recorder or filed with the registrar of titles:

(1) The document shall consist of one or more individual sheets measuring no larger than 8.5 inches by 14 inches.

(2) The form of the document shall be printed, typewritten, or computer generated in black ink and the form of the document shall not be smaller than 8-point type.

(3) The document shall be on white paper of not less than 20-pound weight with no background color, images, or writing and shall have a clear border of approximately one-half inch on the top, bottom, and each side.

(4) The first page of the document shall contain a blank space at the top measuring three inches, as measured from the top of the page. The right half to be used by the county recorder for recording information or registrar of titles for filing information and the left half to be used by the county auditor or treasurer for certification.

(5) The title of the document shall be prominently displayed at the top of the first page below the blank space referred to in clause (4).

(6) No additional sheet shall be attached or affixed to a page that covers up any information or printed part of the form.

(7) A document presented for recording or filing must be sufficiently legible to reproduce a readable copy using the county recorder's or registrar of title's current method of reproduction.

(b) The standards in this paragraph (a) do not apply to a document that is recorded or filed as part of a pilot project for the electronic filing of real estate documents implemented by the task force created in Laws 2000, chapter 391, and continued by standards established by the Electronic Real Estate Recording Task Force created under section 507.094. A county that participated in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391, may



continue to record or file documents electronically, if:

(1) the county complies with standards adopted by that task force; and

(2) the county uses software that was validated by that task force.

(c) A county that did not participate in the pilot project may record or file a real estate document electronically, if:

(i) the document to be recorded or filed is of a type included in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391;

(ii) the county complies with the standards adopted by the task force;

(iii) the county uses software that was validated by the task force; and

(iv) the task force created under section 507.094 votes to accept a written certification of compliance with paragraph (b), clause (2), of this section by the county board and county recorder of the county to implement electronic filing under this section.

~~(b) The recording or filing fee for a document that does not conform to the standards in paragraph (a) shall be increased as provided in sections 357.18, subdivision 5; 508.82; and 508A.82. (c) The recorder or registrar shall refund the recording or filing fee to the applicant if the real estate documents are not filed or registered within 30 days after receipt, or as otherwise provided by section 386.30.~~

**[EFFECTIVE DATE.]** This section is effective the day following final enactment.

Sec. 41. [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.

**[EFFECTIVE DATE.]** This section is effective July 1, 2005.

Sec. 42. Minnesota Statutes 2004, section 507.24, subdivision 2, is amended to read:

Subd. 2. [ORIGINAL SIGNATURES REQUIRED.] (a) Unless otherwise provided by law, an instrument affecting real estate that is to be recorded as provided in this section or other applicable law must contain the original signatures of the parties who execute it and of the notary public or other officer taking an acknowledgment. However, a financing statement that is recorded as a filing pursuant to section 336.9-502(b) need not contain:

- (1) the signatures of the debtor or the secured party; or
- (2) an acknowledgment.

(b) Any electronic instruments, including signatures and seals, affecting real estate may only be recorded as part of a pilot project for the electronic filing of real estate documents implemented by the task force created in Laws 2000, chapter 391, or by the Electronic Real Estate Recording Task Force created under section 507.094. A county that participated in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391, may continue to record or file documents electronically, if:

(1) the county complies with standards adopted by the task force; and

(2) the county uses software that was validated by the task force. A county that did not participate in the pilot project may record or file a real estate document electronically, if:

(i) the document to be recorded or filed is of a type included in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391;

(ii) the county complies with the standards adopted by the task force;

(iii) the county uses software that was validated by the task force; and

(iv) the task force created under section 507.094, votes to accept a written certification of compliance with paragraph (b), clause (2), of this section by the county board and county recorder of the county to implement electronic filing under this section.

(c) Notices filed pursuant to section 168A.141, subdivisions 1 and 3, need not contain an acknowledgment.

**[EFFECTIVE DATE.]** This section is effective the day following final enactment.





*Electronic Real Estate Recording Task Force*

## **APPENDIX B**

# **ERER Phase 1 Pilot Test Findings**



*Electronic Real Estate Recording Task Force*

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# **Best Practices**

The following are the best practices reported by pilot counties as a result of their testing.

- Virus scanning software needs to be loaded on the e-recording server that will reside in the county to protect the integrity of the system.
- In manual, paper processes, larger counties may have an “assembly line” model for recording documents. When moving to electronic recording, staff needs to understand the entire recording process. This is because staff will move from recording paper documents to handling exceptions. For example, electronically filed documents with errors will move to an “exception queue” for attention from individuals. These documents may be rejected in any stage of the recording process. Recording staff needs to be able to identify and deal with document errors no matter where they appear within the document.
- For better data integrity, cross references between electronically recorded documents and indexing systems should be made whenever possible. For example, recording systems should match reference numbers on Satisfactions to mortgage numbers in the indexing system.
- Prior to beginning electronic recording, the county must determine how to integrate electronic document numbers with paper document numbers.
- When beginning to record electronically with any new trusted submitter, start by recording only a few documents at a time. This allows the recording staff to individually review electronic documents and identify any problems immediately.
- Work with trusted submitters to identify the style sheet that will be used for each electronically recorded document. Agree to use the agreed upon style sheets for all recordings. This ensures that electronic documents are viewable by all parties in an appropriate format.



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- A clear testing plan needs to be delineated with all of the stakeholders to insure that all are comfortable before testing begins. This would include the vendor staff, county staff and trusted submitter staff.





## **Electronic Real Estate Recording Task Force**

# **Baseline Measurements**

The following baseline measurements were collected from Pilot Counties. Renville and Roseau counties were unable to complete their measurements because they did not record documents electronically prior to the end of the pilot.

### **Dakota County**

<b>Phase 1 – Satisfaction</b>	<b>Pre-Pilot Measurement</b>	<b>Measures for an Electronic Filing Only</b>
Number of Satisfaction Documents Processed (1 year)	Abstract – 39,360 Torrens – 8,203	05/27/03 thru 05/11/04 (Abstract Only)  TOTAL – 2,961
Number of <b>Steps</b> Involved in Processing Satisfaction Document (From receipt of Satisfaction until it is returned to submitter)  <b>(Provide narrative explaining this process and what is the flow of this process in your department)</b>  <b>(ASSUMPTION: This is the process associated with a recordable satisfaction)</b>	Narrative will follow	See narrative below.
Staff Hours Spend Processing Satisfaction – <b>Per Document</b> <b>(This is following a single document through the steps outlined in the previous measurement. Estimate minutes or fractions of an hour based on recordable satisfaction)</b>	.14 hours	.008 hours
Number of Satisfaction Documents Rejected (in 30 consecutive <b>calendar days</b> )	Abstract – 253 Torrens - 453	Abstract Only - 28



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Average Number of Days From Date of Receipt to Date Indexed for Satisfaction <i>Average for a year</i>	Abstract – 43 Torrens – 57	1
% of recorded satisfaction documents mailed back to submitter Estimate for one year	25%	0%
% of All Satisfaction Filed Electronically	0%	2%
<b>Phase 1 – Certificate of Release</b>	<b>Pre-Pilot Measurement</b>	<b>Measures for Electronic Filings Only</b>
Number of Certificate of Release Documents (COR) Processed <i>(1 year)</i>	Abstract – 8,199 Torrens – 1,880	05/27/03 thru 05/11/04 (Abstract Only) Total C.O.R's.- 49
Number of Steps Involved in Processing COR Document <i>(From receipt of COR until it is returned to submitter)</i> <i>(Provide narrative explaining this process and what is the flow of this process in your department)</i> <i>(ASSUMPTION: This is the process associated with a recordable COR)</i>	See Narrative Below	See Narrative Below
Staff Hours Spend Processing COR – Per Document <i>(This is following a single document through the steps outlined in the previous measurement. Estimate minutes or fractions of an hour based on recordable COR)</i>	.15 hours	.008 hours
Number of COR Documents Rejected <i>(in 30 consecutive calendar days)</i>	Abstract – 14 Torrens – 66	None as of this date
Average Number of Days From Date of Receipt to Date Indexed for Certificate of Release <i>Average for a year</i>	Abstract – 43 days Torrens – 57 days	1 Day



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% of recorded COR documents mailed back to submitter <a href="#">Estimate for one year</a>	25%	N/A
% of all COR documents filed electronically	0%	.1%



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### **Hennepin County**

<b>Phase 1 – Satisfaction</b>	<b>Pre-Pilot Measurement</b>	<b>Measures for an Electronic Filing Only</b>
Number of Satisfaction Documents Processed (1 year)	Abstract – 79,132 Torrens – 45,244	Abstract – 494 Torrens – 0
Number of <b>Steps</b> Involved in Processing Satisfaction Document (From receipt of Satisfaction until it is returned to submitter)  <b>(Provide narrative explaining this process and what is the flow of this process in your department)</b>  <b>(ASSUMPTION: This is the process associated with a recordable satisfaction)</b>	<ol style="list-style-type: none"> <li>1. Documents are received in the office. Mail is sorted as Abstract or Torrens.</li> <li>2. Documents are reviewed by the Counter Deputies.</li> <li>3. Payments are receipted or customer accounts are credited.</li> <li>4. Documents are numbered and endorsed with County Recorder or Registrar of Title information.</li> <li>5. Data is entered into the Document Recording System (Abstract) or Automated Torrens System (Torrens).</li> <li>6. Documents are imaged.</li> <li>7. Tract Index is verified (Abstract).</li> <li>8. Documents are returned to submitter.</li> </ol>	<ol style="list-style-type: none"> <li>1. Documents are received electronically from Trusted Submitter.</li> <li>2. XML content and structure is validated.</li> <li>3. Schema validation</li> <li>4. Stylesheet validation</li> <li>5. TIF image creation</li> <li>6. Data is automatically validated. Including that reference document is a mortgage and recording date matches.</li> <li>7. Deputy reviews any validation errors</li> <li>8. Documents are reviewed by the Counter Deputies.</li> <li>9. Payments are receipted or customer accounts are credited, and documents are numbered and endorsed with County Recorder or Registrar of Title information.</li> </ol>



## **Electronic Real Estate Recording Task Force**

		<p>10. Deputy modifies index information</p> <p>11. Data is automatically entered into the DR system.</p> <p>12. Documents are imported into the imaging system.</p> <p>13. Document is verified for imaging</p> <p>14. Document is committed to the imaging system</p> <p>15. Documents are released to Trusted Submitter.</p>
<p>Staff Hours Spend Processing Satisfaction – <b>Per Document</b>  <b>(This is following a single document through the steps outlined in the previous measurement. Estimate minutes or fractions of an hour based on recordable satisfaction)</b></p>	<p>Abstract – 9.2 minutes or 0.15 hours.</p> <p>Torrens – 26.6 minutes or 0.44 hours.</p>	<p>Abstract – 9.2 minutes or 0.15 hours. Still manual intervention with electronic recordings (education/training for employees). This will improve when process is fully automated.</p>
<p>Number of Satisfaction Documents Rejected  <b>(in 30 consecutive calendar days)</b></p>	<p>Abstract – 361</p> <p>Torrens – 565</p>	<p>Abstract – 153 (duplicate entry 65, document not on file 23, stylesheet causing errors 9, acknowledgement errors 23, ref doc # Torrens/doesn't match/not a mortgage 14, recording date of original mortgage doesn't match 7, miscellaneous 12.</p>



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Average Number of Days From Date of Receipt to Date Indexed for Satisfaction <i>Average for a year</i>	Abstract – 7 calendar days Torrens – 16 calendar days	Abstract – 16 hours 45 minutes.
% of recorded satisfaction documents mailed back to submitter Estimate for one year	35%	100%
% of All Satisfaction Filed Electronically	0%	7.5%
<b>Phase 1 – Certificate of Release</b>	<b>Pre-Pilot Measurement</b>	<b>Measures for Electronic Filings Only</b>
Number of Certificate of Release Documents (COR) Processed <i>(1 year)</i>	Abstract – 19,616 Torrens – 10,766	Abstract – 3
Number of Steps Involved in Processing COR Document <i>(From receipt of COR until it is returned to submitter)</i>  <i>(Provide narrative explaining this process and what is the flow of this process in your department)</i>  <i>(ASSUMPTION: This is the process associated with a recordable COR)</i>	<ol style="list-style-type: none"> <li>1. Documents are received in the office. Mail is sorted as Abstract or Torrens.</li> <li>2. Documents are reviewed by the Counter Deputies.</li> <li>3. Payments are receipted or customer accounts are credited.</li> <li>4. Documents are numbered and endorsed with County Recorder or Registrar of Title information.</li> <li>5. Data is entered into the Document Recording System (Abstract) or Automated Torrens System (Torrens).</li> <li>6. Documents are imaged.</li> <li>7. Tract Index is verified (Abstract).</li> <li>8. Documents are returned to submitter.</li> </ol>	<ol style="list-style-type: none"> <li>1. Documents are received electronically from Trusted Submitter.</li> <li>2. XML content and structure is validated.</li> <li>3. Schema validation</li> <li>4. Stylesheet validation</li> <li>5. TIF image creation</li> <li>6. Data is automatically validated. Including that reference document is a mortgage and recording date matches.</li> <li>7. Deputy reviews any validation errors</li> <li>8. Documents are reviewed by the Counter Deputies.</li> <li>9. Payments are receipted or customer accounts</li> </ol>



## **Electronic Real Estate Recording Task Force**

		<p>are credited, and documents are numbered and endorsed with County Recorder or Registrar of Title information.</p> <p>10. Deputy modifies index information</p> <p>11. Data is automatically entered into the DR system.</p> <p>12. Documents are imported into the imaging system.</p> <p>13. Document is verified for imaging</p> <p>14. Document is committed to the imaging system</p> <p>15. Documents are released to Trusted.</p>
<p>Staff Hours Spend Processing COR – Per Document  <i>(This is following a single document through the steps outlined in the previous measurement. Estimate minutes or fractions of an hour based on recordable COR)</i></p>	<p>Abstract – 9.2 minutes or 0.15 hours.</p> <p>Torrens – 26.6 minutes or 0.44 hours.</p>	<p>Abstract – 9.2 minutes or 0.15 hours. Still manual intervention with electronic recordings (education/training for employees). This will improve when process is fully automated.</p>
<p>Number of COR Documents Rejected  <i>(in 30 consecutive calendar days)</i></p>	<p>Abstract – 101</p> <p>Torrens – 179</p>	<p>Abstract – 2</p>
<p>Average Number of Days From Date of Receipt to Date Indexed for Certificate of Release  <i>Average for a year</i></p>	<p>Abstract – 7 calendar days</p> <p>Torrens – 16 calendar days</p>	<p>Abstract – 16 hours 45 minutes.</p>
<p>% of recorded COR documents mailed</p>	<p>35%</p>	<p>100%</p>



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back to submitter <a href="#">Estimate for one year</a>		
% of all COR documents filed electronically	0%	Less than 1%.





## Electronic Real Estate Recording Task Force

### Lyon County

Phase 1 – Satisfaction	Pre-Pilot Cost/Measurement	Phase 1 Cost/Measurement
Number of Satisfaction Documents Processed (1 year)	1772 doc in the year 2002	64 doc since beginning on Aug 19,2003
Number of Staff Involved in Processing Satisfaction Document (From receipt of Satisfaction until it is returned to submitter)	4 staff members involved	1 to push the button & later maybe automatic except for problem ones or proofing
Staff Hours Spend Processing – Average Cost Per Hour -> Total Internal Cost Example: employee A earns \$20/hr and (on average) spends 2 hours a day on Satisfactions. Employee B earns \$10/hr and spends 1.5 hours a day on Satisfactions. The calculation is as follows: $(\$20 \times 2) + (\$10 \times 1.5) = \$55$ **When calculating hourly pay rates for employees, include benefits as compensation in the hourly rate.**	We spend 2 hrs a day on processing satisfactions.  Cost per day of working on satisfaction \$31.90	It only took 1 minute at the most. we click and then proof the data and we could verify quickly to see that it functions as it should in all the reports including the financial reports  cost for staff time \$0.03
Average Staff Processing Cost Per Document (Total Internal Costs/ Number of Documents Processed) Cost from above answer/ Number of Satisfactions Processed (on average) for one day	\$4.50	
Number of Satisfaction Documents Rejected (in 30 consecutive days)	20	we've rejected 6 since we started
Average Number of Days From Date of Receipt to Date Indexed	3	seconds



## **Electronic Real Estate Recording Task Force**

for Satisfaction Average for a year		
Delivery Cost Per Document Average cost per document. Example: (\$.37 + cost of envelope)	\$0.42	to small to figure
Total Delivery Costs for Satisfaction Document (mail, FedEx, courier, etc.) (Delivery cost per document x # of documents processed in 1 year)	\$744.24	there is not a way to separate out the cost of sending back in our software purchase
System Maintenance (cost of maintaining system, IT costs, etc.) 1 year Estimate the % of total documents Satisfactions account for (e.g. 15%). Multiply this times the total cost of maintaining current recording systems.	IT- not tractable equipment replacement costs \$10,000 software-\$3250	It seems to me that electronic recording is the by –product produced from the software and equipment costs needed to maintain the records for Lyon Co.
Other Expenditures for Satisfaction (description and amount) (e.g. banking costs, customer service, etc.)		
Other Savings for Satisfaction (description and amount)		
<b>Phase 1 – Certificate of Release</b>	<b>Pre-Pilot Cost/Measurement</b>	<b>Phase 1 Cost/Measurement</b>
Number of Certificate of Release Documents Processed (1 year)	6	0
Number of Staff Involved in Processing Certificate of Release Document (From receipt of COR until it is returned to submitter)	4	I haven't had one sent to us in phase one But expect it to take 1 to process it and one to proof that it showed up in the right place
Staff Hours Spend Processing – Average Cost Per Hour -> Total Internal Cost	staff hours per day – to minimal to measure	again we have not had any to measure



## Electronic Real Estate Recording Task Force

<p>Example: employee A earns \$20/hr and (on average) spends 2 hours a day on COR's. Employee B earns \$10/hr and spends 1.5 hours a day on COR's. The calculation is as follows: <math>(\\$20 \times 2) + (\\$10 \times 1.5) = \\$55</math>  <b>**When calculating hourly pay rates for employees, include benefits as compensation in the hourly rate.**</b></p>		
<p>Average Staff Processing Cost Per Document (Total Internal Costs/ Number of Documents Processed)        Cost from above / Number of COR's Processed (on average) for one day</p>	\$4.50	
<p>Number of Certificate of Release Documents Rejected(in 30 consecutive days)</p>	1	
<p>Average Number of Days From Date of Receipt to Date Indexed for Certificate of Release <b>Average for a year</b></p>	3	
<p>Delivery Cost Per COR Document  <b>Average cost per document.</b>        Example: (\$.37 + cost of envelope)</p>	\$0.42	
<p>Total Delivery Costs for the Certificate of Release Document (mail, FedX, courier, etc.)        (Delivery cost per document x # of documents processed in 1 year)</p>	\$2.52	
<p>System Maintenance (cost of maintaining system, IT costs, etc.)        1 year  <b>Estimate the % of total documents COR's account for (e.g. 15%).</b></p>	To few to calculate	still to few to calculate



## ***Electronic Real Estate Recording Task Force***

Multiply this times the total cost of maintaining current recording systems.		
Other Expenditures for Certificate of Release (description and amount) (e.g. banking costs, customer service, etc.)		
Other Savings for Certificate of Release (description and amount)		



**Electronic Real Estate Recording Task Force**

**Renville County**

Phase 1 – Satisfaction	Pre-Pilot Measurement	Measures for an Electronic Filing Only
Number of Satisfaction Documents Processed (1 year)	1219	1
Number of <b>Steps</b> Involved in Processing Satisfaction Document (From receipt of Satisfaction until it is returned to submitter)  <b>(Provide narrative explaining this process and what is the flow of this process in your department)</b>  <b>(ASSUMPTION: This is the process associated with a recordable satisfaction)</b>	See attachment	
Staff Hours Spend Processing Satisfaction – <b>Per Document</b> <b>(This is following a single document through the steps outlined in the previous measurement. Estimate minutes or fractions of an hour based on recordable satisfaction)</b>	5 minutes per Satisfaction	
Number of Satisfaction Documents Rejected (in 30 consecutive calendar days)	1	0
Average Number of Days From Date of Receipt to Date Indexed for Satisfaction Average for a year	2 Days	



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<b>% of recorded satisfaction documents mailed back to submitter</b> <b>Estimate for one year</b>	<b>100</b>	
<b>% of All Satisfaction Filed Electronically</b>	<b>0</b>	
<b>Phase 1 – Certificate of Release</b>	<b>Pre-Pilot Measurement</b>	<b>Measures for Electronic Filings Only</b>
Number of Certificate of Release Documents (COR) Processed (1 year)	2	
Number of Steps Involved in Processing COR Document (From receipt of COR until it is returned to submitter)  (Provide narrative explaining this process and what is the flow of this process in your department)  (ASSUMPTION: This is the process associated with a recordable COR)	Same as Satisfaction	
Staff Hours Spend Processing COR – Per Document (This is following a single document through the steps outlined in the previous measurement. Estimate minutes or fractions of an hour based on recordable COR)	5 Minutes	
Number of COR Documents Rejected (in 30 consecutive calendar days)	1 if that many	
Average Number of Days From Date of Receipt to Date Indexed for Certificate of Release <b>Average for a year</b>	2	
% of recorded COR documents mailed back to submitter <b>Estimate for one year</b>	100	



## ***Electronic Real Estate Recording Task Force***

% of all COR documents filed electronically	0	
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## **Electronic Real Estate Recording Task Force**

### **Roseau County**

\_\_Roseau County does not record Certificates of Release.

<b>Phase 1 – Satisfaction</b>	<b>Pre-Pilot Measurement</b>	<b>Measures for an Electronic Filing Only</b>
Number of Satisfaction Documents Processed (1 year)	750	
Number of <b>Steps</b> Involved in Processing Satisfaction Document (From receipt of Satisfaction until it is returned to submitter)  <b>(Provide narrative explaining this process and what is the flow of this process in your department)</b> <b>(ASSUMPTION: This is the process associated with a recordable satisfaction)</b>	Receive Satisfaction. Put recording info on doc..  Enter in Numerical Register.  Post on original Mortgage that it is Satisfied. Write Receipt. Image the Document. Make Envelope.  Return to Sender.	
Staff Hours Spend Processing Satisfaction – <b>Per Document</b> <b>(This is following a single document through the steps outlined in the previous measurement. Estimate minutes or fractions of an hour based on recordable satisfaction)</b>	15 Minutes	
Number of Satisfaction Documents Rejected (in 30 consecutive calendar days)	10	
Average Number of Days From Date of Receipt to Date Indexed for Satisfaction Average for a year	2	
<b>% of recorded satisfaction documents mailed back to</b>	<b>75%</b>	

**ERER Phase 1 Pilot Test Findings**





***Electronic Real Estate Recording Task Force***

<b>submitter Estimate for one year</b>		
<b>% of All Satisfactions Filed Electronically</b>	<b>0</b>	



## ***Electronic Real Estate Recording Task Force***

# **Pilot Test Issues**

The ERERTF requested a detailed review of version 3.0 of the Minnesota ERE Standards. Based on this review and feedback from pilot county vendors, the following has been identified:

### **Schema Issues Identified During Pilot Testing**

- Pilot counties encountered the following problems when validating version 3.0 of the schema.
  - Unique Particle Attribution errors: These are errors caused by the naming conventions used in the schema. An Object Oriented work draft, Schema Report 3.5, addresses some of these issues, but not all of them. (Schema Report 3.5 is located on the ERERTF web site)
  - Circular References: The schema contains Circular References which causes errors when trying to validate the schema in a Microsoft environment. These are errors that have to do with embedded file references in the schema.
  - Schema Validation Issues: The ERE schema version 3.0 validates in XML Spy. County vendors reported difficulty working with the schema using applications other than XML Spy. Examples of systems which experienced problems are: UNIX, .NET and Linux.
  - Schema Naming Issues: Version 3.0 of the Standard XML Schema contains multiple instances of Elements that mean different things in different places. See Appendix A for detail on schema naming issues.
  - Current Workaround: The vendors and internal IT staffs implementing e-recording have worked directly with Pam Trombo to work around these issues. Ingeo Systems identified the above problems when trying to implement the schema in Microsoft and Java environments. Ingeo has been referred to Pam Trombo to work through these issues, similar to the way they were handled at other pilot county implementations.



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Because many of these issues were not formally discussed and documented with the task force and its consultants it is likely that not all issues are known.

### **Changes to Future Schema Versions Requested by Pilot Counties**

- The following are changes to the schema which have been requested by pilot counties.
  - Date of Birth on CRV: Both John Lally and Nancy Dean of the Department of Revenue felt that the Date of Birth field is not necessary for the schema and would cause Revenue additional work to secure this information. They ask that this field be removed from the schema as they would reject a document containing that information. DOB is a required field on the 3.0 schema and would affect each and every filing of this document.
  - Relationship Status on SAT, COR and Assignment: the enumeration for the marital status element in the schemas for satisfactions, certificates of release and assignments is insufficient because it does not address all documents submitted. Several options for fixing this field have been discussed.
    - The field could become an open text field
    - More values could be added to the enumeration
    - The use of an “other” option could be added to the enumeration along with a text field for the “other value to be entered.
  - Required field min length of zero: To ensure that text is present in all required fields, it has been requested that required fields have a minimum text length of zero. Technical implications regarding platform portability have not been explored regarding this issue.



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# **Recommendations**

### **Modify Schema to be Consistent with Object Oriented Approach**

The Object Oriented work, Schema Report 3.0, addresses some of the issues identified in the 3.0 version of schema. These are issues relating to the unique particle attribution errors. The original documentation developed for this work identifies a number of elements that are named the same throughout all documents, but are actually different objects. See Appendix A. This work suggests new, unique names to add clarity and usability for these different objects. However, the focus of this work is not extensive enough to address all issues that result in errors generated by products using the schema.

### **Standards Architecture for Document Transmission**

- The Task Force heard requests for and should work to create a standard architecture for document transmission. By adding a standard architecture for document transmission, several benefits exist:
  - Establishing and maintaining trusted submitter/county relationships will be less time consuming and more efficient
  - Better security will exist between the relationships
  - Eliminating a unique interface definition per county
  - Costs for implementation will be decreased
  - Department of Revenue and Department of Health will be better able to manage document transmission from county recorders

### **Modify Schema for Overall Usability**

- In order for the schema to be successfully used by new counties who wish to implement e-recording and by new vendors entering this market space, it is recommended that the schema be edited so that it validates in all commonly used environments. Contact with the original schema developer, Pam Trombo, has been the most successful approach used by pilot counties to work with the issues imbedded in the current schema. To stream line and enhance the process for getting up and running with the schema it would be



## ***Electronic Real Estate Recording Task Force***

most useful to address schema issues through a development process that corrects issues and creates a new version of the schema.

- A reference implementation of the schema should be developed and made available to all vendors who wish to implement e-recording in Minnesota. This has been discussed by some vendor groups and could be worked on in the time before work begins again.



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# Phase II Project Plan Template

The following is a sample project plan for Phase II of the pilot.

<b>COUNTY PHASE II WORK PLAN</b>				
<b>Task/Step</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Major Deliverables by Task</b>
<b>Task 1a</b>	<b>Project Initiation</b>	Week 1	Week 4	
1.1	Selection of respective team members for the Project Team			Project Initiation
1.2	Designation of the Project Team leaders			Project Team Roster
1.3	Distribution and review of the proposed project Statement of Work			Detailed Project Statement of Work
1.4	Distribution and review of proposal (i.e., County contracts with Vendors and Task Force)			
1.5	Confirmation of date for kick-off work session			
1.6	Preparation of kick-off work session materials			
1.7	Submission of Request for Data to the County			
1.8	Receipt of information			
1.9	Preparation of on-line Project Management tools			
<b>Task 1b</b>	<b>Kick-off Work Session</b>	Week 2	Week 2	
1.10	Discussion, review, and agreement upon the project's objectives, schedule, team role and responsibilities, specific team assignments			



## **Electronic Real Estate Recording Task Force**

1.11	Overview and walk through of the County's recording processes for Phase II documents			
1.12	Overview and walk through of the Trusted Submitter's processes for Phase II documents			
1.13	Overview and walk through of Auditor/Treasurer processes for Phase II documents			
<b>Task 1c</b>	<b>Internal Integration Work Session</b>	Week 3	Week 3	
1.14	Technical education of all participants			
1.15	Discussion of indexing			
1.16	Discussion of networking			
1.17	Discussion of Security and access through firewalls			
1.18	Confirmation of system integration points with all parties			
1.19	General design of integration plan			
1.20	Identify development and system testing responsibilities			
1.21	Develop e-recording test lab at both Vendor offices and County			
<b>Task 1d</b>	<b>Integration with County Auditor/Treasurer</b>	Week 4	Week 5	
1.22	Project Review with Auditor and Treasurer offices			
1.23	Review and discussion of Vendors' electronic recording hardware and software specifications / requirements			
1.24	Review and discussion of Auditor/Treasurer hardware and software specifications / requirements			
1.25	Review and discuss integration of Auditor/Treasurer documents and county recorder systems			



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1.26	Discussion of format			
1.27	Discussion of timing			
1.28	Discussion of networking			
1.29	Discussion of Security and access through firewalls			
1.30	Confirmation of system integration points with all parties			
1.31	General design of integration plan			
1.32	Identify development and system testing responsibilities			
1.33	Develop e-recording test lab at Recorder, auditor and treasurer offices.			
<b>Task 1e</b>	<b>Wrap-up of Kick-off and Integration Work Sessions</b>	Week 6	Week 6	
1.34	Finalize high level architecture			Completion of Detailed Business Analysis
1.35	Finalize high level security design			Delivery of kick-off session materials
1.36	Security diagram passed to county			Project kick-off and integration work session
1.37	Regular team meetings begin			Revised SOW with deliverables
				Security diagram ready to be signed off
<b>Task 2</b>	<b>Detailed Technical Analysis</b>	Week 7	Week 9	
2.1	Document workflow for each of the documents to be setup as part of this phase of the project			Completion of functional specifications
2.2	Document the detailed business rules for the process			Completion of detailed project timeline
2.3	Document validation rules for the documents before they can be recorded			
2.4	Document designs for integrations with front- and back-end systems, Auditor and Treasurer			
2.5	Document designs approach for the communications with Trusted Submitters			





## **Electronic Real Estate Recording Task Force**

<b>Task 3</b>	<b>Technical Design Completion and Document Templates</b>	Week 10	Week 14	
3.1	Completion of technical analysis of both integrations and documents to be used as part of this phase of the project			Technical specifications document completed and delivered
3.2	Integration map is finalized and all parties have buy in			Document template(s) & template profile(s) creation completed
3.3	Create profiles of the various document templates that will be used in the project			
3.4	Create validated hard copy document templates			
<b>Task 4</b>	<b>Development and Testing of Coded Business Rules</b>	Week 14	Week 18	
4.1	Review functional requirements to determine acceptance criteria			Delivery of ACH payment system with cashiering/fee accounting system, if applicable
4.2	Code business rule and document flow based on functional and technical specifications			User acceptance test plan delivered
4.3	Code business validation rules based requirements outlined in functional specifications			Completed coding for business rules and XSLT validation
4.4	Complete unit testing on all custom components			
4.5	Validate that all Trusted Submitters participating in the project have ability to process payments related with associated transactions			
4.6	Validate that all Auditors and Treasurers participating in the project have ability to process payments related with associated transactions			
4.7	Collect Baseline Metrics			Baseline Metrics



## **Electronic Real Estate Recording Task Force**

<b>Task 5</b>	<b>Develop and Test Integration Solutions</b>	Week 19	Week 20	
5.1	Validate that the auditor and treasurer offices participating in the project have the ability to receive and send back electronic data.			
				In-house project testing begins
<b>Task 6</b>	<b>Training and Acceptance Testing</b>	Week 21	Week 22	
				On-site deployment completed
				User Acceptance Testing begins
				Process live documents with county stakeholders
				County training begins
<b>Task 7</b>	<b>Electronic Document Recording</b>	Week 23	Week 40	
7.1	Attachment of appropriate digital signatures and digital notaries			County training completed
7.2	Tracking and management of documents			Project delivered
7.3	Verification of compliance			User Acceptance Test is signed off
7.4	Preparation of management reports			System ready for live recording
7.5	Integration of the recorded data with the County's back-end system			Successful recording of "batch" documents
7.6	Integration of the recorded data with Auditor/Treasurer			
7.7	Validation of the value created by the system for both the Trusted Submitters and the County			
<b>Task 8</b>	<b>Phase II Completion and Report</b>	Week 24	ONGOING	



***Electronic Real Estate Recording Task Force***

				Summary report of Phase II completed
<b>TOTAL</b>				



**Electronic Real Estate Recording Task Force**

**Appendix A – Schema Naming Issues**

<b>Assignment</b>	
<b>Current Name (XPath)</b>	<b>Possible New Name(s)</b>
/Document/Execution/County	ExecutionCounty or _County
/Document/Grantor/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Grantee/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Property/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/ReturnToParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/DraftedOrPreparedByParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/BillToParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/SignedByParty/SigningEntityGroup/SigningEntity/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/OriginalMortgagorParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/OriginalMortgageeParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/CountyInformation/RecordingEndorsement/RecordedInformation/County	RecordedCounty
/Document/CountyInformation/Rejection/County	RejectionCounty or _County
/Document/RecordedDocument/MortgageReferenceDocument/RecordedInformation/County	TBD - Needs a little research because the obvious "RecordedCounty" is already used elsewhere



## Electronic Real Estate Recording Task Force

<b>COR</b>	
<b>Current Name (XPath)</b>	<b>Possible New Name(s)</b>
/Document/Execution/County	ExecutionCounty or _County
/Document/Grantor/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Grantee/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Property/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/ReturnToParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/DraftedOrPreparedByParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/BillToParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/SignedByParty/SigningEntityGroup/SigningEntity/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/OriginalMortgageeParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/CountyInformation/RecordingEndorsement/RecordedInformation/County	RecordedCounty
/Document/CountyInformation/Rejection/County	RejectionCounty or _County
/Document/RecordedDocument/MortgageReferenceDocument/RecordedInformation/County	TBD - Needs a little research because the obvious "RecordedCounty" is already used elsewhere
/Document/Parties/AssigneeParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/MortgageServicerParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/RecordedDocument/AppointmentOfAgentReferenceDocument/RecordedInformation/County	TBD - Needs a little research because the obvious "RecordedCounty" is already used elsewhere



## Electronic Real Estate Recording Task Force

/Document/RecordedDocument/AssignmentOfMortgageReferenceDocument/RecordedInformation/County	TBD - Needs a little research because the obvious "RecordedCounty" is already used elsewhere
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### CRV

Current Name (XPath)	Possible New Name(s)
/Document/Property/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/SignedByParty/SigningEntityGroup/SigningEntity/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Buyer/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Seller/Correspondence/Address/County	NA - Belongs to generic/reusable structure

### Deed

Current Name (XPath)	Possible New Name(s)
/Document/Execution/County	ExecutionCounty or _County
/Document/Grantor/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Grantee/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Property/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/ReturnToParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/DraftedOrPreparedByParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/BillToParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/Parties/SignedByParty/SigningEntityGroup/SigningEntity/Correspondence/Address/County	NA - Belongs to generic/reusable structure
/Document/CountyInformation/RecordingEndorsement/RecordedInformation/County	RecordedCounty



## ***Electronic Real Estate Recording Task Force***

/Document/CountyInformation/Rejection/County	RejectionCounty or _County
/Document/Parties/MailTaxStatementsToParty/Correspondence/Address/County	NA - Belongs to generic/reusable structure

## **APPENDIX C**

**Appendix C is the 2001 Workplan Report to the Legislature, which may be found at the ERERTF Website at the URL:**

**<http://www.sos.state.mn.us/docs/workplan.pdf>**