Electronic Real Estate Recording Task Force
Minutes: 2 May 2002
As recorded by Bob Horton

Present: (Members) David Arbeit, Jeanine Barker, Julie Bergh, Angela Burrs, Jeff
Carlson, Michael Cunniff, Larry Dalien, Susan Dioury, Bob Horton, John Jones,
Secretary of State Mary Kiffmeyer, Cindy Koosman, Denny Kron, Jim Lawler, Gail
Miller, Mark Monacelli, Bill Mori, Jim Mulder, Chuck Parsons, Leonard Peterson,
Bonnie Rehder, John Richards, Eileen Roberts, Dennis Unger, Joe Witt. (Guests) Chris
Akers, Paul Backus, Bert Black, Luci Botzek, Charlie Carpenter, Scott Loomer, Beth
McInerny, Angela Targen, Pam Trombo.

1. Call to order

Secretary of State Mary Kiffmeyer called the meeting to order at 9.30

2. Approval of minutes

The minutes of the 11 April 2002 meeting were approved as distributed.

3. Executive committee report

Secretary Kiffmeyer reported on the executive committee meeting held earlier this
morning. To facilitate planning and communication, the committee will schedule a
regular, face to face meeting each month, at some time prior to the regular task force
meeting.

4. Reports from subcommittees

Chuck Parsons reported on the work of the legal subcommittee. Charlie Carpenter, of
BenNevis, has drafted a statement of all the legal issues that need to be reviewed. The
subcommittee has looked at these and come to some preliminary recommendations.
These are:

·   The subcommittee believes that the bill currently before the legislature should
    answer any questions about the pilots. But each county participating in the pilots
    should write a contract with each business partner that identifies and documents
    the pertinent standards, so that anyone can verify what framework was in place
    when a document was submitted.

·   A variety of other laws need to be addressed that refer to paper based recording
    processes. These have been identified and recommendations for revising them
    will be ready for the next session.

- The legal descriptions prepared for an index and a deed have to be made exactly similar, so that automatic recording will work reliably. A tract index will be most useful and should be the candidate for classification as the official index.

- The issues raised by electronic filing of some ancillary documents (such as the CRV and well disclosures) need to be analyzed and the subcommittee will work with the concerned state agencies in this process.

- Although the situation is somewhat unclear, there seems to be a company from Utah that has filed patents that claim ownership of the process through which a notary acknowledges a document with a digital signature. It is not clear what this means so the subcommittee is trying to get more information. Chuck Parsons has contacted John Richards from Fannie Mae for an opinion. He will also look to find a patent attorney locally who could help out.

Pilot subcommittee

Bob Horton reported on the recent work of the pilot subcommittee. Basically, the members agreed that all the potential hosts of a pilot still face a rather steep learning curve and still need to consult and negotiate with all the people and offices that have to play a role in a pilot. Because of this, it is imperative to allow for a thorough examination of the issues, in which all the participants should be involved. Everyone who will have to volunteer time, resources and energy to making a pilot work should have sufficient opportunity to understand what that commitment means.

So far, these counties have volunteered to consider hosting a pilot: Anoka, Carver, Hennepin, Lyon, Renville, Roseau, Stearns, Dakota and Washington. These are the immediate tasks the subcommittee and the counties will have to undertake:

- The nine counties will identify and contact their primary private partners. They will report the names of those willing to take part in the pilots to the subcommittee.

- The counties will review the hardware and software specs for the pilots and report on their infrastructure capacities to the subcommittee.

- The counties will provide staff from both the business and IT departments to participate in drafting an RFP for the pilots.

- If, by this point, none of the counties has dropped out of the process, the subcommittee will make a provisional selection of the participants on the basis of at least these two criteria: volume of filing and type of back office system. A mix of both would be ideal.

- Simultaneously, the subcommittee and the potential participants will evaluate the costs and benefits of the three different levels of electronic recording. This

discussion must include the private sector partners, as their willingness to submit electronic records is the necessary first step.

· The subcommittee will identify which levels are practical, feasible and affordable and make a recommendation to the task force about the optimum match of counties, levels and partners to test in the pilots.

· Working with the task force, the subcommittee and the potential participants will draft an RFP and have it ready for posting in June.

· Following the process the task force approves, the subcommittee and participants will select a vendor and begin the pilots.

The subcommittee's next steps will be based on this presented outline.

Recording content and workflow subcommittee

Denny Kron and Jeff Carlson reported on the meetings of the subcommittee. It is looking at samples of workflows and developing an abstract, general picture of workflows, rather than going deeply into all 87 different ways of doing things. What will probably be most useful is a workflow that begins with a single point of entry and with standard paths of distribution or dispersal of records, but with the different back office systems in between.

The subcommittee is basing its recommendations on its analysis of BenNevis's work products. Carlson noted that the issue of legal description was also identified as a challenge in this subcommittee. It is a relatively new issue because other states have worked more with grantor-grantee indices rather than tract indices.

Technology subcommittee

Bill Mori reported that subcommittee members are attending and contributing to the BenNevis presentations. He recommended that IT staff members from participating counties should be in this subcommittee and join in its discussions as pilots sites are selected.

Project funding subcommittee

Mark Monacelli reported that he attended an AMC meeting where a University of Minnesota group offered a grant to support education related to the ERER project. He will follow up on that and he is contacting private sector sources about their participation as well. Fannie Mae has offered to pay for some of the conference calls, including for subcommittee meetings.

GIS subcommittee

David Arbeit reported that the subcommittee met on the 23rd of April with BenNevis. The subcommittee closely analyzed the issue of parcel identification numbers (PIN). An ERER system needs unique PINs to link its data to data in GIS systems. The standards should promote the practice of using unique PINs and not re-using PINs. They should also call for the retention of older PINs so that they continue to have meaning over time. A system should also record PINs for all parcels involved in a transaction. The standards should reflect these concerns so that the counties are prepared to take advantage of them if they implement the practices in the future.

Arbeit also noted that Will Craig from the Center for Urban and Regional Affairs plans to survey county GIS systems this summer and that he wants to correlate that data with the BenNevis survey. He hopes to fill in the gaps relative to GIS issues, especially the use of PINs. Beth McInerny says he wants to use the task force's contact list and data so that he is talking to the right (and the same) people in a way that is useful to us. The task force agreed to share its data, but requested in return a copy of the report and data. Craig's report should extend credit to the task force for the work it has done.

Private sector subcommittee

Joe Witt reported that the subcommittee met last week. It identified a need for representation from mortgage companies on both the subcommittee and the task force. Witt suggested that we contact Dan Hardy from the appropriate trade group and ask for his suggestions on participation.

5. Language on web site for the acceptance of donated services

Secretary Kiffmeyer proposed language that would notify web site visitors that the task force will consider offers for donated services of all kinds. It asks for any interested parties to submit proposals to the executive committee for review and approval.

Bob Horton moved the language be approved and Leonard Peterson seconded the motion. Bill Mori suggested reviewing the language about software to make sure there aren't any licensing conflicts. Bert Black said the specific language is mandated by state law. The motion passed.

6. Legislative update and certified survey map

Bert Black reported that SF 2707 passed the House, with one extraneous amendment. There is general consensus that this amendment will be removed in the conference committee, which should make a favorable report, and the bill will then pass both houses. Mark Monacelli complimented and thanked Luci Botzek, Bert Black and Secretary Kiffmeyer for all the work they have done on this.

Black discussed a letter from the MN society of professional surveyors. It asks the task force to consider a recommendation of a certified survey map in the final report to the legislature. This would simplify legal descriptions and is similar to the system employed

in Wisconsin. Chuck Parsons said the MN Bar Association has seen this proposal; it is a good concept, but it needs some work, particularly sufficient input from the counties. If that is done, then it could be worth recommending but it is not something the task force should undertake to sponsor.

Mark Monacelli said the recorders have also heard about this. They have been reluctant to get involved because there are different opinions among surveyors on the utility of the proposal. This was echoed by Bert Black, who noted a message from David Claypool, saying that the MN association of county surveyors is considering this but has not yet approved it. Denny Kron will arrange a meeting with the proposers and the GIS subcommittee, which will then make a recommendation to the task force.

7. Project and budget status

Beth McInerny reported that there is $69,469 left in the budget. This puts us on target, with most expenses accurately forecast.

The task force should receive the final recommendations from BenNevis in late May. The current work plan should be adjusted to allow for more time for review and discussion of these before moving forward with the pilots. It would be useful to have a team to work with McInerny on the process of reviewing the project plan and schedule. Mike Cunniff suggested including the pilot counties and their trusted business partners in the review of the standards. McInerny referred to the report of the pilot subcommittee: the first three tasks it notes should be the focus in May. They all need to be completed in order to assess the standards and draft an RFP.

The revised work plan will need to incorporate the extension of the project through 2004 (if the legislation passes) and the probability of another round of pilots. The executive committee will take a first look at this, as well as the topic of the project coordinator's responsibilities in this new framework.

8. BenNevis Report

Paul Backus went through the latest draft of the electronic recording standards summary. He first gave a review of the process that led to the document, with reference to the handout entitled "Summary of analysis project progress."

Cindi Koosman asked about differences between DTD and schema. Backus defined these. Beth McInerny and Bill Mori noted that the industry is moving towards schemas, as they offer more advantages. Some vendors say that they can already use schemas, others are moving to use them in the future. Mark Monacelli said that PRIJTF is also moving towards schemas.

Backus said that the cost/benefit analysis is underway, but the variety of options is complicating the results. It is not clear what the assumptions and what the goals should be, so the accuracy of any estimates of costs and benefits will be questionable. The task

force should get some people involved in talking with BenNevis to get this. Beth McInerny suggested starting with the executive committee and subcommittee chairs. She will try to schedule a meeting for next week.

Bill Mori said the task force should clearly define the term used, distinguishing between laws, standards, recommendations etc. Bob Horton said the state's Office of Technology uses this scheme: a law defines an issue and assigns the responsibility to create a standard; a standard becomes a requirement that all affected must follow, but it is not incorporated into law; and guidelines are recommendations that are "best practices," so to speak. Paul Backus said it would be shortsighted to put a schema into law, as the technologies will inevitably change faster than it would be possible to amend the law, so the task force should think about a body with the responsibility to keep the standards current. The standards will include mandatory and optional components. It should also have some implementation guide, a "how-to" account of the standards. Bert Black said this shouldn't turn into a rulemaking process, as in Ch. 14.

The task force felt that the legislation ought to be minimal, with some group specifically mandated and put in place to keep the standards up to date and dynamic.

Cindi Koosman complimented BenNevis on this product and the work it has done, which was seconded by Mark Monacelli.

Beth McInerny said that any suggestions, revisions, comments can be forwarded through her. 14 May is the deadline to submit these. She will try to schedule another meeting the week of the 13th to review those comments and then the document will be completed

9. Adjournment

The meeting adjourned at 1.00 PM.