April 11, 2002 Agenda

Electronic Real Estate Recording Task Force
Minutes: 11 April, 2002
As recorded by Beth McInerny

Present: (Members) Carmen Bramante (via conference call), Angela Burrs, Jeff Carlson, Michael
Cunniff, Secretary of State Mary Kiffmeyer, Cindy Koosman,Gail Miller, Bill Mori, Mark
Monacelli, Paul Kiltinen, Jeanine Barker, Paul McGinley, David Claypool, Larry Dalien, Julie
Bergh, Dennis Unger, (Guests) Bert Black, Luci Botzek, Beth McInerny, Scott Loomer

1. Call to Order

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

2. Approval of Minutes

The minutes of 14 March 2002 were approved as distributed.

3. Report of the Executive Committee

Secretary Kiffmeyer reported on the Executive Committee meeting that took place on April 5th.
Attendees included Secretary of State Mary Kiffmeyer, Bill Batcher, Warren Golla (BenNevis), Bill
Mori, Paul Backus (BenNevis), Keith Scheider (BenNevis), Beth McInerny, Bob Horton, Chuck Hoyum
(via phone), Mark Monacelli, Mike Cunniff and Jeff Carlson. BenNevis first provided a status of work
completed to-date. All on-site and phone interviews have been completed with the exception of one
phone interview that is expected to be completed soon. All out-of-state contacts have been reached and
documented. Information gathered in the phone interviews is consistent with on-site interview findings.
Current work is concentrated on cost/benefit analysis and a draft of recommendations is being
completed for next Tuesday's meeting with BenNevis and the Task Force. There is good
communication between BenNevis and the Task Force members and has made it easier to follow and
manage the progress of their work.

E-signatures were also discussed and the difference between digital and digitized signatures was
emphasized. Discussions will continue on this important topic so that the Task Force needs
reflecting security are addressed appropriately. UETA specifically states that standards need to
be open architecture and BenNevis will need to work within that guideline.

XML format standards pose two questions for the Task Force. Should the standards be
documented in XML schema or in DTD and also, should standards for presentation and viewing
XML documents be XHTML or XSL? The vendors in the market today are not equipped to use
a schema and are only slowly moving to XSL. The Task Force does not wish to be ahead of the
market here, as that would make pilots difficult to impossible at this time. The ability to use
schemas should be a consideration when evaluating vendors. BenNevis will continue to develop
the Minnesota standard in a schema format, but it will present an estimate for the costs of
developing an additional DTD version as well.

There was discussion at this meeting that the pilots should test some of the options available, in terms of vendors, standards and formats for the standards. It was agreed that it would be valuable to identify the hosts of the pilots and to get staff from those counties and their private sector partners involved in the pilot planning process as quickly as possible. This will help to insure that the pilots focus on practical issues.

The Task Force's budget and expenses to-date were presented by Secretary Kiffmeyer. It was reported that the Task Force is in a strong position for this fiscal year. The $70,000 of revenue remaining in the budget will be needed in the next phase.

Cindy Koosman added that there will be 'tons' more money. The increase in transactions at the county level over historical levels is huge, with abstract volume 50% greater than typical.

Jeff Carlson responded that in his office orders are beginning to slow down a bit but counties won't experience that slow down for at least 3 months.

Secretary Kiffmeyer ended stating that the budget has been managed tightly as we started out to insure that unanticipated expenses could be covered, so we are in good shape as we enter the fourth quarter.

4. Reports from Subcommittees
    ▪ Legal Subcommittee

No report.

    ▪ Pilot Framework and Scope Subcommittee

Bob Horton was not at this meeting but Beth McInerny reported on his behalf. An invitation for counties to participate in pilot testing of standards was sent out March 27th. Our goal is to have pilot counties selected by the end of April. The ERER standards are targeted for completion on May 17th. An RFP for technology vendors to work with pilot counties is also targeted for the end of May.

The Pilot Subcommittee will meet soon to define a strategy for selecting counties, drafting an RFP for pilot vendors and coordinating this work around the standards and their deliverable date.

    ▪ Recording Content and Workflow Subcommittee

No report.

    ▪ Technology Subcommittee

Bill Mori spoke of his contacts with Digital Signature Trust Company. Bill suggested that he is looking to ask a representative from that company to make a presentation on digital signatures. He will invite all Task Force members to that meeting.

    ▪ Task Force Project Funding Subcommittee

Mark asked the Task Force to allow him to pursue private sector partners in an effort to ensure there are interested parties to work with counties once they are ready to receive electronic filings. The Task Force agreed that that would be a good idea. Mark will work to gain interest from groups such as CitiBank, Wells Fargo and other lenders.

- GIS Subcommittee (David Claypool)

David Claypool reported on the work that Will Craig from the Center for Urban & Regional Affairs at the U of M is doing on surveying initiatives regarding GIS and land parcels. The Minnesota GIS Consortium newsletter is Mr. Craig's publication and the Task Force's work was mentioned in the last issue. The Task Force's web link was also listed. This consortium has a good cross section of members. It is very good to have this level of press in the GIS community for the Task Force and its efforts.

- Private Sector Subcommittee (Joe Witt)

No report.

5. Report on Status of Legislation (Bert Black)

Substantial progress has been made to get legislation passed. We had two separate bills, one to include Torrens transactions in the surcharge, the other dealing with policy. SF2707 (fees) passed the House and was referred to the Ways and Means Committee. Here the two House bills were combined and are now in SF2707. This bill has been on the Calendar several times but has not yet received final passage. One day next week it will be at the top of the list and it should be passed.

There is a technical amendment to be added on the floor, but it is very short (13 words). The amendment simply corrects internal cross references within the language from when the bills were rolled together. Senator Kelley has indicated that if it comes from the House with that language he will move for concurrence and hopefully the Governor will sign it.

Denny Unger asked whether the bill will need to be voted on in committee again since it changed after it had passed through the Senate committees? Bert replied that it would not.

6. Discussion of Copyright – Statement of Intent

Bert Black spoke on this topic also and reported that he had contacted the Attorney General's office and spoke with Greg Huwe. Mr. Huwe suggests that a self enforcing permission could be put on the front of documents, draft, work product, etc. Between placing common law copyright and copyright with the Library of Congress that would be sufficient to protect us.

Secretary Kiffmeyer added that we do want people to use it. But we don't want it resold or charged back to us. We want to protect our own use and the use of the Task Force. We want it used for educational purposes.

Larry Dalien asked if there was way to make it more generic than using the Secretary of State.

Secretary Kiffmeyer responded by commenting that the Legislature had asked her to establish the Task Force so it seems practical to designate OSS as the office to administer any intellectual property. Bert Black also gave the example of the copyright on the Minnesota Statutes, which runs in favor of the Revisor of Statutes on behalf of the State of Minnesota.

Mark Monacelli remarked that if we develop DTD or schema we may have to put those out for public comment. If we do those types of things and items are out for public comment can we stress that this is a work in progress?

Bert Black commented that this is a valid issue, but that it is actually the separate issue of versioning, and is separate from the copyright issue. We want a copyright statement on each document. Work in progress statements tell them the extent to which they can rely on the document. We should add to those statements that we reserve the right to make changes. It should go along with copyright as versioning or work-in-progress statements.

Mark Monacelli stated that he has a draft statement that PRIJTF uses on versioning and will get that to Bert and the Task Force.

Mark Monacelli moved a motion to adopt the copyright language presented in Bert Black's report. Jeff Carlson seconded the motion. Motion prevailed.

Mike Cunniff added that as you look at the legislative web site there is a copyright language listed there.

Bert Black stated that we should put this copyright protection language on all substantive documents on the ERERTF web site.

7. Report on Project Status Including BenNevis Work

- Budget Report

Budget details showing each transaction will be available at each Task Force meeting but copies will not be distributed to members. A summary report will be distributed.   Interested members can see the details at the meeting and take the summary report.

- BenNevis Status on Standards Documentation

Beth distributed status reports from BenNevis regarding out-of-state interviews and phone interviews.

Beth described the timeline for standards acceptance, county selection and RFP again. Mike Cunniff suggested that the Task Force will need more time to absorb standards than what seems available in the timeline that is outlined. Only after more time to absorb standards should an RFP go out.   To do a good job on an RFP we will need to have a better understanding of standards.

There was discussion on extending the time line to allow for deeper review of standards. Julie Bergh also commented that this did not seem like much time. Beth noted that the project plan provides for a very aggressive time table. Secretary Kiffmeyer added that this was the time table we currently have to work with and that Beth was following it closely as the Task Force had asked her to.

Cindy Koosman stated that we should allow Beth to keep this on track and would not expect to extend the time line yet - keep the momentum we have going. If we adjust the plan now, assuming things won't stay on track, we will get off track. We have a lot to do and it is a difficult schedule but we should stay with our dates.

Discussion followed regarding whether pilot counties should be selected prior to publishing an RFP.

Jeff Carlson reminded the Task Force that there are partners out there who won't be interested if specific counties are not included in any of the pilots, so perhaps counties should be selected first.

Mark Monacelli stated that those groups are different from the technology vendors we are looking for with an RFP.

Jeanine Barker commented that it is a question of first killing the chicken or frying the egg. Do we pick pilot counties first so we know what aspects the vendors need to support? She believes we should pick counties first. How will you know what needs to go into the RFP if we don't know what the vendor needs to work with at a county?

Mark Monacelli noted that the first round of pilots will be focused on no more than two documents, mortgage satisfactions and maybe assignments. BenNevis will deliver recommendations. We need to pick the counties.

Bert Black suggested a strategy. You should identify a pool of counties that have a variety of systems and make a second evaluation of that pool based on vendors selected via the RFP. That way you get a broader pool of potential fits. Evaluate and cut counties after you get responses to the RFP. We need to have standards so vendors can work with them and they can respond more quickly to standards.

Mark Monacellie added that we also need to get the "sender" parties involved, the Fannie Maes and Wells Fargos of the world.

Cindy Koosman offered to run a report of the top 3 lenders with whom she has transactions. We need to know who the leading lenders are in this state and get them involved.

Carmen Bramante added that he has done some research of service providers in Minnesota. He will get more information for the Task Force, as to whether they are interested in participating.

Secretary Kiffmeyer stated that what we need at the end of the day is a setup where anyone can throw and anyone can catch. She asked Carmen whether he was looking to narrow the field and would that help?

Carmen responded stating that from what he is hearing and from the mortgage servicer's perspective, they are being asked to detail their interests in a pilot. They need to evaluate if they want to participate. Keep in mind that pilots do 2 things, they run parallel to paper filing and get turned off for a period for evaluation.

Mark Monacelli clarified this by stating that the counties do have the right to keep the electronic transactions moving along after the end of the initial pilot phase.

Bert added that with the legislation we have on the floor today, the electronic process would replace the paper process during the pilot, so that double work would not have to be done on one transaction.

Carmen stated that it sounded like that Task Force has addressed top issues that customers would be concerned about, so that is good.

Mark Monacelli asked for permission to work with FannieMae, US Bank and Wells and approach them to see if they are interested in participating. Carmen can also see if his customers are interested.

Jeff Carlson noted that his company records all of US Bank's satisfactions. They are authorized to sign their satisfactions also, so they are a substantial customer.

After a comment by Gail Miller, Secretary Kiffmeyer asked her who has the highest volume of transactions in Renville County. She responded that would be the local vendors (banks) or even Wells Fargo.

Secretary Kiffmeyer noted that we do want to focus on a broad range of servicers. We don't want to miss out on Minnesota's diversity and variety. We have the authority in the Task Force to fit the pilots to the information.

Mark Monacelli noted that there will need to be collaboration between the sender and receiver. Jeanine Barker stated that the RFP is to get a technology vendor to help us "catch" any qualified pitch.

Secretary Kiffmeyer detailed the 2 RFP's that were being discussed. One represents the standards for the "throwers" the 2nd is the back office "catcher". We need to either divide the RFP into two sections or publish two separate RFP documents.

Bert compared the standards to non-proprietary utility pipelines which distribute oil to refining companies. Similarly, the pilots need to hook up to the non-proprietary standards and then on to back-offices.

Cindy Koosman added that if we use Wells Fargo the Task Force would have a large volume of vendors.

Mark Monacelli stressed that we need to identify the interest in the servicers first and Carmen has dealt with this a lot too and he can help get people on board.

Secretary Kiffmeyer stated that parallel activity can go on. The pilot subcommittee needs to go forward and continue working toward selecting pilot counties and develop an RFP, Mark can work with other vendors. As a result of where we are at in these processes do we need to have another Task Force meeting sooner than the next scheduled meeting in May ?

Mark Monacelli suggested we stay with the current meeting schedule.

David Claypool asked if a consortium of counties was going to be one of the recommendations.

Secretary Kiffmeyer responded saying that it does look like that would be one model.

Mike Cunniff remarked that he assumes that the recommendations will be on the level of process. We need to process this information early on and see what it means and see if we want to still be involved in

the pilot. For example, do you have to use a legal description on documents? If that is a recommendation, maybe vendors or participants may not like that. We should have the standards early and spend time thinking about the ramifications of each recommendation and what these recommendations mean to us as recorders on a practical level.

Gail Miller suggested the Pilot subcommittee meet on Tuesday after the BenNevis meeting.

Paul McGinley asked whether subcommittee minutes are posted on the Web? Beth responded that they are.

Secretary Kiffmeyer commented that minutes don't go to Web until approved. But they can be emailed out to members for review prior to that.

Bert Black mentioned that the Legal Subcommittee will need to take the recommended standards and see what legislation we 'really' need to change to allow this to work in Minnesota.

Mike Cunniff added that he is assuming that signature types are also in the BenNevis recommendations. There are groups that will need to react to this and identify what they need to work with in order to submit and receive documents.

Cindy Koosman commented that counties are already doing tax liens, so we are already doing Level 1 transactions, or better.

It was decided that BenNevis will need to put copyright language on all of its documents. All of the BenNevis documents will be posted on the ERERTF Web site including DTD's and schema.

The Task Force meeting adjourned at 11:30