

Property Records Industry Association



About PRIA and PREP

Florida Association of Court Clerks and
Comptrollers

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Destin, FL

Carol Foglesong

2007-2009 PRIA President



Today's Session

- Industry Background & Changes
- Property Records Industry Association
- Property Records Education Partners

Our Iceberg Is Melting

- Book by John Kotter
- Fable of a penguin colony
- Characters = Fred, Alice, Louis, Buddy, the Professor, and No-No
- Tale of resistance to change, heroic action, intractable obstacles, clever tactics



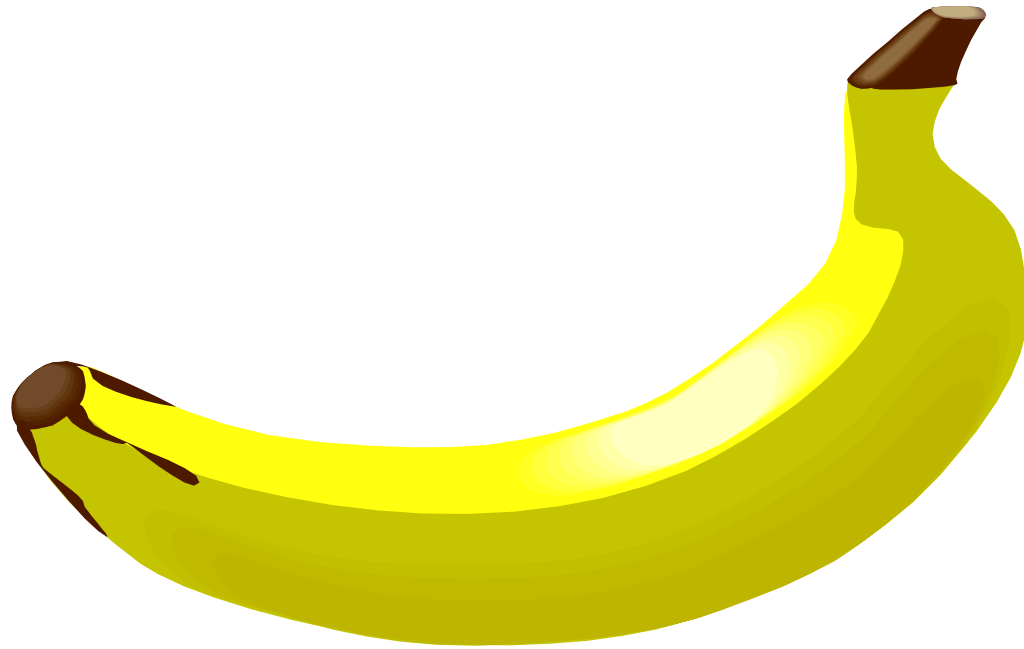
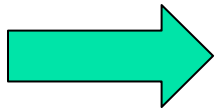
Change

- Our world is changing
- There are budgetary pressures
- We each have “our” jobs to do
- We complain about “them”
- There is little or no understanding





Change



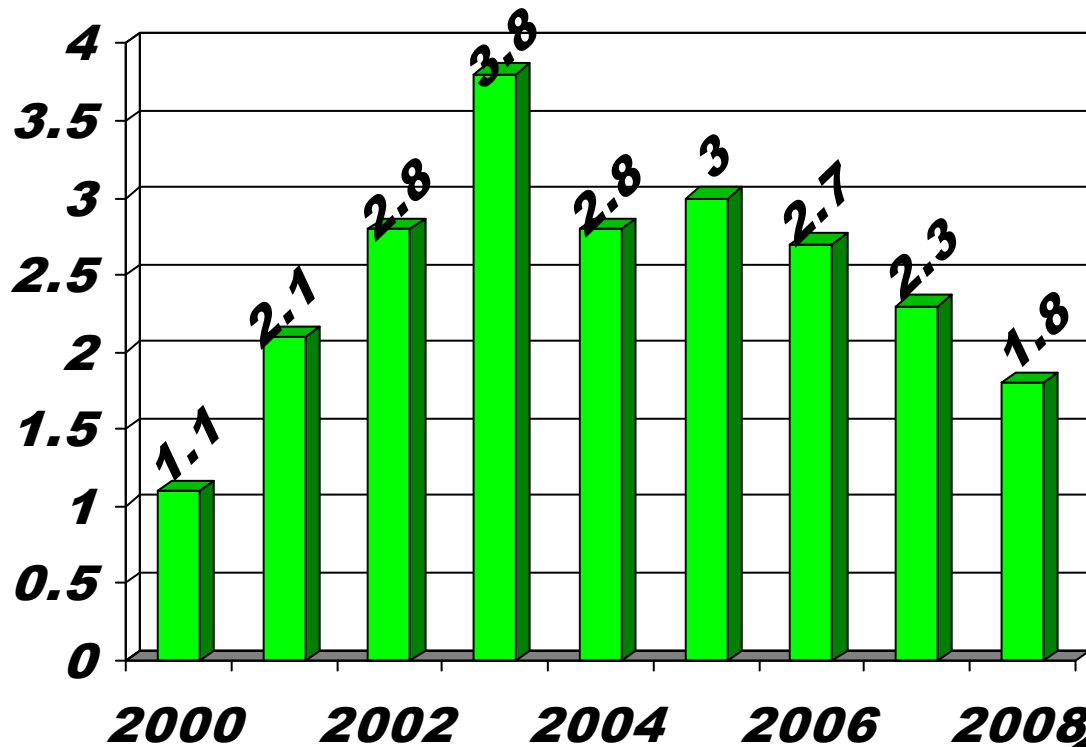
Tunnel Vision



Develop a Level of Understanding

U.S. Mortgage Activity

\$ trillion





In the good ol' days,
there was one type
of mortgage.



Types of Mortgages Today

- ✓ 30, 20, 15 & 10 Fixed Rate
- ✓ Adjustable Rate
- ✓ Balloons
- ✓ Convertibles
- ✓ Home Equity
- ✓ Construction
- ✓ Interest Only
- ✓ Reverse Mortgages
- ✓ 40 & 50 year



Secondary Mortgage Market

- In the late 1970s, the Prime Rate was 21.5% = Recession!
- The term “creative financing” was “created”
- Home values increased dramatically during the recovery period
- The 30-year mortgage became standard
- Your mortgage was bundled and sold as mortgage backed securities
- Mortgage Lenders/Mortgage Brokers (Originators)

In order to sell a loan, there are 4 requirements

- Note
- Title Insurance Policy
- HUD 1 Statement
- Recorded Mortgage

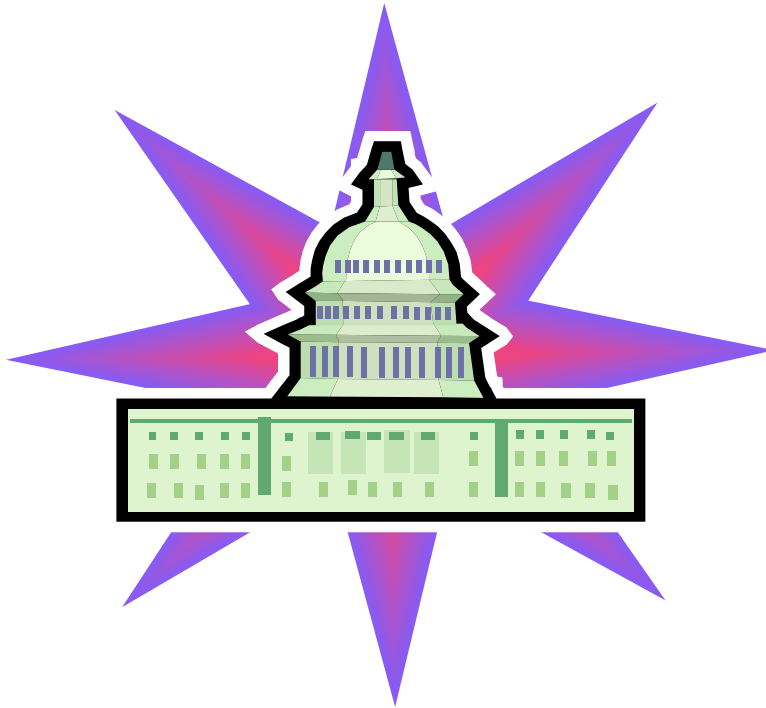


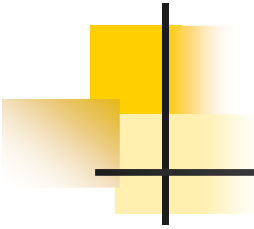


Mortgage Bankers Association Predictions (1/12/09)

- \$1.9 trillion in mortgages for both 2009 and 2010
- Real GDP % Change: down 0.7% for 2008; down 0.1% for 2009; up to 3.3% for 2010
- Unemployment: going to 8.8%

Government must do more with less...





“We sometimes have a tendency to take things for granted or to forget industry past!”



1980s

- Pulling out of recession
- Bad years/good years
- Pattern of up 2-3 and then down 1-2 and then back up



1990s

- Steady growth
- Geographic variations; Sunbelt/Rustbelt
- Volume Flat 1994-1997
- Refi boom of 1998-1999
 - Mortgage rates dropped to less than 7% for the first time since the early 1970s
- Small drop in 2000



2001 – 2003

- Interest rates dropped further
- Refinancing swamped us from 2001-2003
- Property values increased
- Housing boom
- Documents up 65% from 2000 to 2003



+ the Fannie Mae Effect

- From 2000 to 2006
- Total volume of pages up more than 50% per document
- All those extra pages added to mortgages by Fannie/Freddie



Perspectives then

■ Business Concerns

- Recording too slow
- Need to move money to secondary market
- Too many jurisdictions; too many different rules
- New laws, new industry structures, new technology

■ Government Concerns

- Incoming documents and pages increasing
- Increasing rejections meant doing the work twice
- Technology options overwhelming
- New laws, new “threats”



What could we agree on?

- Land records and access to them important across all segments of the industry
- There had to be a better way and it needed to be win-win
- We needed to communicate, understand and cooperate



Creation of PRIJTF

- Property Records Industry Joint Task Force
- A 3-year commitment to explore concept of mutual respect, frank discussion, reaching consensus and molding win-win solutions
- Identified issues: UCC Revised Article 9, UETA, eSIGN, MERS, document formatting, eRecording
- Went to work with committed volunteers



Incredibly quick successes

- Recorders Guide to Revised Article 9
- Notary Standards for Paper Documents
- Indexing Standards
- Real Estate Document Formatting for Paper Documents
- Electronic Recording Conceptual Standards (Use Case, Work Flow, Business Requirements, DTD, LDD)
- Military Discharge Model Act



PRIA Because...

- Unique and equal partnership of government and business
- A forum
 - for the identification, research, discussion, development, drafting and implementation of
 - national standards, best practices, and new technology solutions
- Committed to promoting the integrity of the public records system, the efficiency of industry operations and the effectiveness of interfaces

PRIA Accomplishments & Projects in the Works

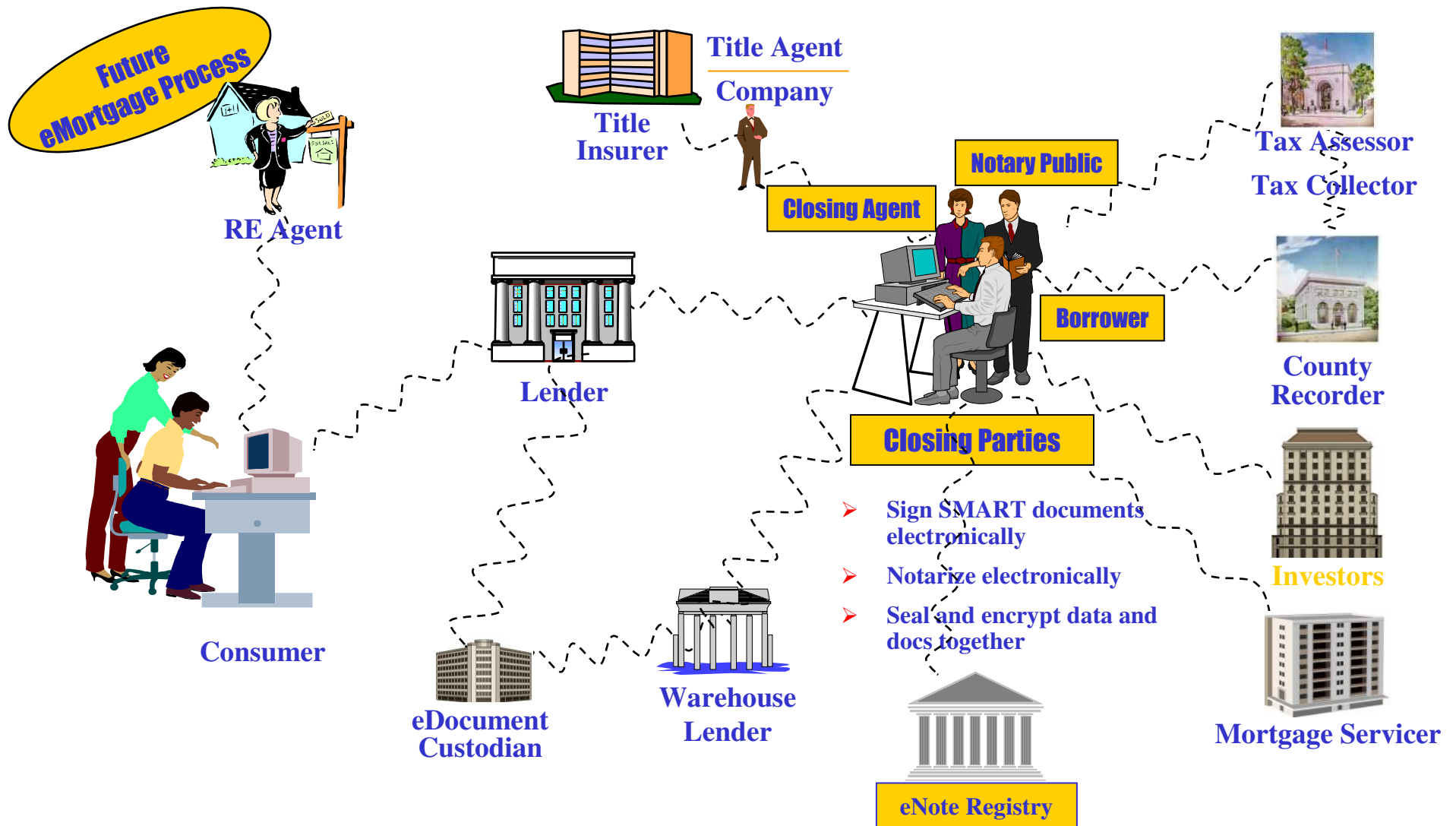
- Records Access and Personal Privacy (A)
 - Privacy Access White Paper (C)
 - SNAPP Act Model Legislation (C)
- Business Process and Standards
 - eRecording Business Guidelines (A)
 - Archival, Backup and Disaster Recovery Workgroup (A)
- Electronic Recording Standards (A)
- Land Fraud Workgroup (A)



Electronic Evolution

Provides an opportunity to develop **standards** and create **alliances**.

eMortgage Vision





eRecording Standards

- PRIA creates the eRecording Standard
- In alliance with the Mortgage Industry Standards Maintenance Organization (MISMO)
- We also network with others...



Networking

Build Alliances and Network

-  **American Land Title Association**
-  **American Escrow Association**
-  **Association of Title Information Management**
-  **NACRC and IACREOT**
-  **National Notary Organizations/Associations**
-  **Legal XML/OASIS, SISAC, SPeRS**
-  **National Conference of Commissioners on Uniform State Laws (NCCUSL)**
-  **American Bar Association**
-  **National Public Records Research Association**
-  **Property Appraisers Association**
-  **Government Entities**
-  **Mortgage Bankers Association**
-  **Drill down to the states**



What does industry alignment look like?

Industry Alignment

How do we choose our ESIGN and UETA solutions? What should we be thinking about?

How do we know this is the real eNote? MERS

How do we create and process eMortgage files? How is the business data defined?

eNote Registry



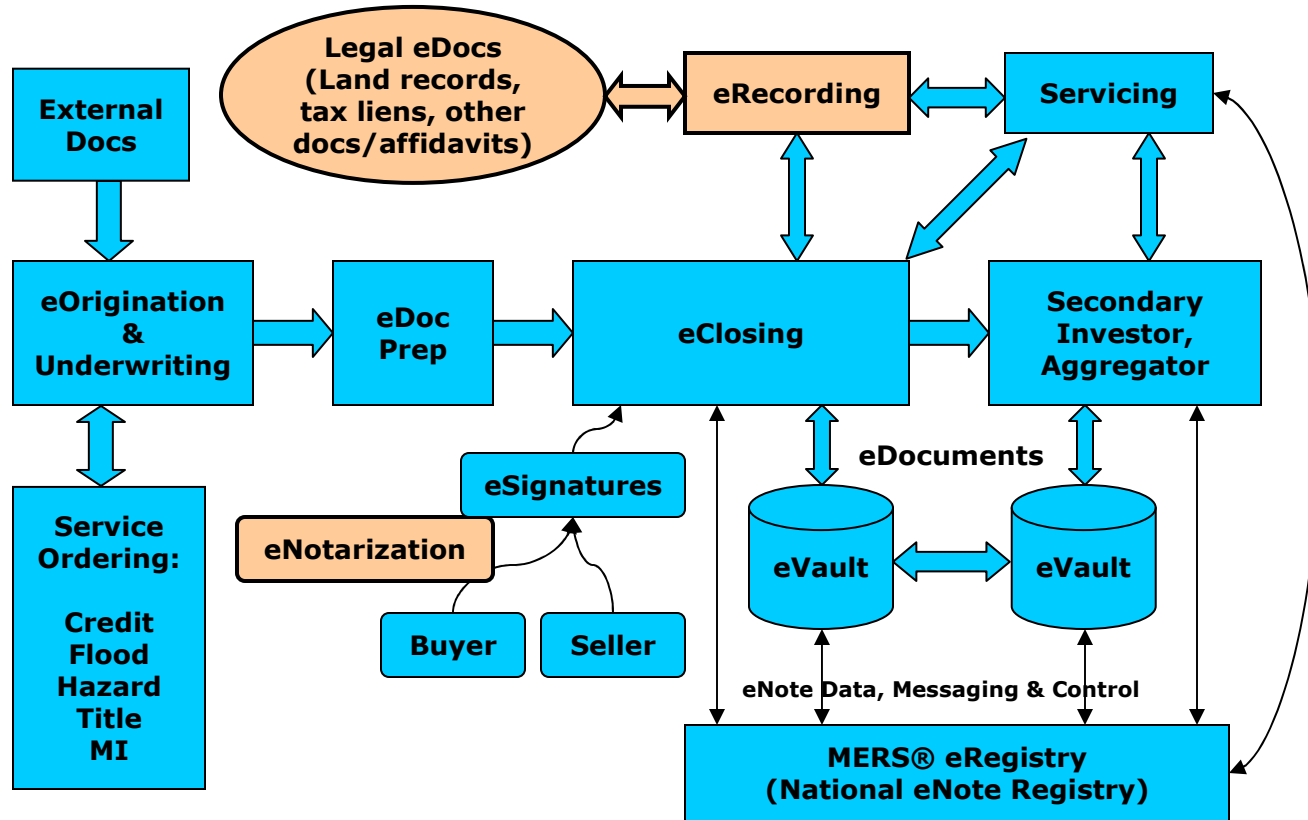
How do we know which digital sigs. to trust?

SISAC

How do we plug all this into the County Recorder?



eMortgage Process Flow



This is what it looks like!






eRecording Today

- 373 PRIA-Verified counties (in 30 states) are eRecording
 - More reported, but not yet verified
 - URPERA iGuide: view at PRIA website (www.pria.us) under Real Property Law and Legal Issues button
- FL passed URPERA and our eRecording Rules/Standards were adopted 5/2008
 - Currently 13 counties eRecording



Chicken or the Egg?

- How long will it take for market place adoption?
When will customers be ready to come to you?
- Must engage the lender, settlement side, and the recorder; talk to submitter firms
- Now is the time to get ready for the next surge in recording volume – which will come
 - New Business Model
- Keep it simple: don't do in eRecording world what you don't already do in paper world



While technology creates new opportunities, technology also creates new challenges.



Opportunities & Challenges

- Market Place Adoption
- Security and Privacy
- Secretaries of State/eNotarization; NCCUSL project
- Secure, Manageable, Archivable, Retrievable and Transferable (SMART) Documents
- Education
- Rogue Vendors/Rogue States/Rogue County Officials
- Adherence and willingness to adopt standards



Industry Standards

If you do not align with
Industry Standards,

You will be an island on your own!



Other Industry Challenges/Issues

- Land/Mortgage Fraud
- Identity Theft
- Internet Access to Public Information
 - Open Access? Subscription? No Access?
- Redacting Information
 - Day Forward? Historical? Not at all?
- Role of the Recorder
 - Constructive Notice or Gate Keeper?



PRIA remains committed

- To work groups and “town hall” forums for frank discussion without acrimony
- To reaching for consensus
- To recommending best practices and standards
- To identifying and attacking significant new issues
- To strengthening the bridge between interdependent segments of the industry
- To keeping the nation’s property records industry healthy and economically sound



PRIA Sponsors PREP

prep

Property Records
Education Partners



Why PREP?

- Traveling across the country, speaking to various groups, it is clear that we are not communicating with each other
- What happens at the top, doesn't necessarily get told throughout
- Financial restrictions = creative, new ways
- Not everyone can go to national conferences



In the beginning...

- A promise was made
- AEA, ALTA, IACREOT and NACRC joined together to discuss this issue
- A survey was done
- Overwhelming interest in and requests for a regional/local version of PRIA
- In 2003, decided to fold into PRIA



What PRIA Provides Today

- PREP Coordinator = Ardis Schmitt
- Website at www.pria.us
- All Materials
 - “How to” guide posted on PRIA website
 - Suggested Agenda
- Guidance (examples from other PREPs)
- PREP Steering Committee
 - Develops goals and strategic plan



Role of the PREP

- You own it, you own it, you own it...
- PREP = an industry partnership at the local level
- A framework to network, collaborate, and exchange information
- Sharing insights and perspectives without traveling far
- Information from local level bubbles to national level; national information floods to local level



PREP Success Stories

- Reduced document rejection rates
- Reduced phone calls
- Increased on-line subscribers
- Developed contact “go to” list
- Increased awareness & knowledge of industry issues
- Feedback forum
- Working together on legislation
- Provides mechanism to work with “problem” areas in the local market place
- Increased education opportunities



FL PREP Topics

- FBI & Local Law Enforcement Collaboration on Land Fraud
- Identity Fraud: real examples and how to spot it
- Legislation Issues
- DR-219 Gone
- How to online search
- What's a notary?



FL PREP'S

■ Active

- Central FL
- North Central FL
- South FL

■ Existing

- Emerald Coast
- West Central

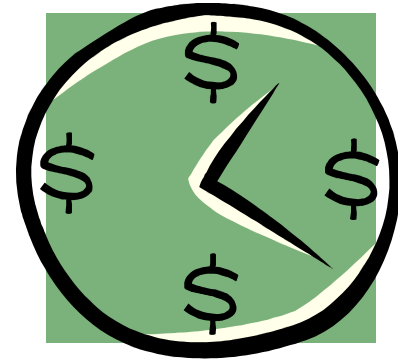
■ Possible

- East Coast
- Capitol area
- Northeast/Jax area
- Southwest

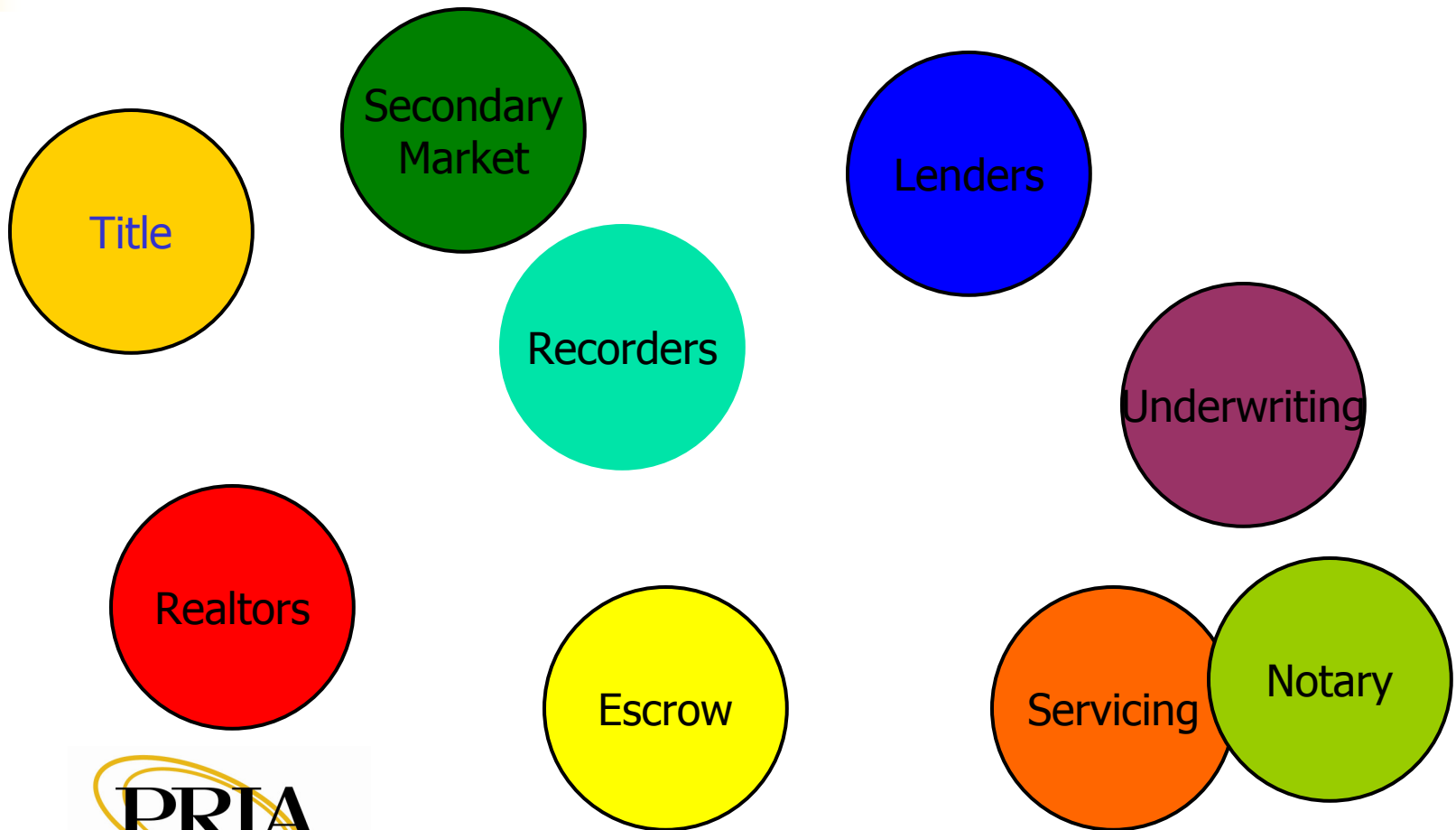


But...

I just don't have time...



Industry Alignment

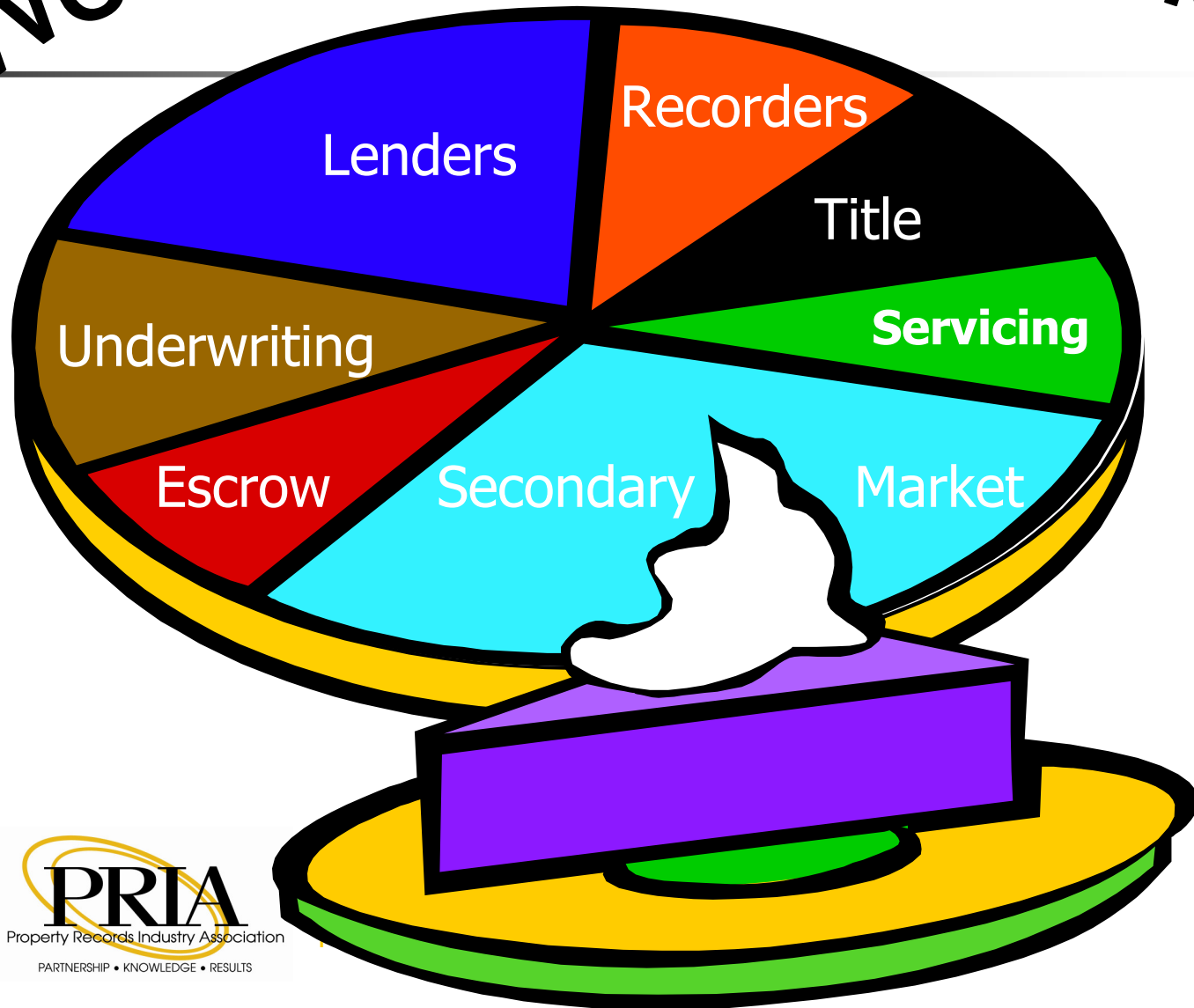




We learn from each other

- When you have an issue, who do you call?
- Sharing the compiled information back out with others via FACC Intranet
- PREP broadens your information network beyond the Clerks' offices
- If you don't understand "their" issue, you can't resolve the problem

We Are In This Together!



Property Records Industry Association



Q & A

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PRIA President 2007-2009

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