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REAL ESTATE TRANSFER RETURN E-FILING

October 2000

Executive Summary

The Department of Revenue, Division of State and Local Finance administers the Real Estate Transfer Return (RETR) form. The form was redesigned in 1999. One outgrowth of that redesign effort was a call for DOR to explore electronic filing of the form.

Exploring Options and Challenges

DOR-SLF began an exploration of RETR E-filing in early 2000. The Division convened a working group of local officials and other involved parties, which gathered several times to consider suggestions and requirements for an electronic filing system for the RETR. The group met four times, in March, April, May and June of 2000.

At the onset of the effort, SLF indicated their expectation that members of the group who were members of professional organizations would serve as liaisons and conduits for their groups. The Division wanted the state's professional groups to know about the discussions, and to have input through their members who sat on the working group. Participants in the group agreed to this request.

It was not the charge of the working group to recommend specific technologies, or to arrive at binding decisions on details of system operation. At the outset of the group's work DOR made it clear that the group's role was to assist DOR in understanding the needs of an e-filing system and its users. It would remain for DOR to select courses of action on specific issues, choose products and vendors, and set a schedule for an e-filing system. The Department is envisioned as the owner and operator of the system, and as such must retain the right to make decisions about the system.

Cataloguing the Need: Demand, Requirements and Challenges

At meetings of the working group on RETR e-filing, group members discussed the demand for an electronic filing system for the RETR; the requirements of a system; and the challenges and concerns that such a system would bring.

Demand: Group members agreed that many users of the RETR have indicated (and continue to indicate) interest in an electronic version of the form. The group concluded that an e-filing system should be constructed at some point.

There is one major caveat to the demand for an e-filing system. The group learned that many of the prospective participants in such a system are not yet fully electronic in their own operations, and that standards and system capabilities for existing computer systems are not yet settled into "industry norms." The sum of these facts is that while demand exists for an RETR e-filing system, that demand is not fully formed; many prospective clients are seemingly not yet ready to participate in such a system as originally envisioned.

Requirements: The group determined that an electronic system will not be accepted if it presents difficulties equal to or greater than those faced by users in the current paper system.

- Costs of entry and use
- Simple; compatible with most users' business operations
- Avoid single-use, "dedicated" computer hardware that can only be used for electronic RETR filing
- Constructed for ease of access and technical compatibility
- Efficiency, accuracy
- Safety
- Any electronic filing system would have to include a "personal" guarantee of the relationship between a transaction and its participants, similar to a signature on a paper form (electronic signatures)
- Attachments

Challenges: Beyond the requirements listed above, the working group learned that the RETR form entails some challenges unique to this form and its processes. Each of these must be dealt with before a system will succeed.

- Attachments
- Flow of filings
- Preparer convenience versus DOR needs

How to get there: Goals for an electronic RETR

Group members concluded by laying out a list of short and long term goals to further e-filing of the RETR in a sensible and attainable manner. DOR has incorporated many of the suggestions into a list of goals which they will follow in coming months and years.

Short term goals

In the next several months, DOR should:

- Continue to refine and use the ISE scanning equipment to generate a RETR image and database. Define and expand uses for the scanned database data through PC / mainframe manipulation and Internet availability
- Explore a pilot project in which assessment roll data and the RETR database are cross-linked to allow extraction and comparison of specific parcel IDs and values
- Work to see that an RETR “fill package” is included in existing professional software packages such as ZIPFORMS. This will require cooperation with existing package vendors.
- If possible, such a package should permit integration or linking between forms within the package, to allow (for example) an RETR to be generated from data previously entered when composing (for example) an MLS listing, to save keystrokes and reduce errors. This is not currently offered by any package known to the working group, but it is seen as an attainable goal. This will require cooperation with existing package vendors.
- Investigate the possibility of Registers of Deeds beginning to scan RETRs as filed, using current RETR scanning system and existing DFI computers, augmented by a scanner. This program should probably begin as a pilot program with participation by limited counties.
- Work to see if existing professional software packages can produce scannable forms for DOR scanning or if they can generate flat files that could be e-mailed to DOR for loading into existing RETR database.
- DOR should plan for a mechanism to extract data from the RETR files for internal, other agency and third-party uses. Issues to be dealt with would include technical capability to do this; as well as licenses, restrictions on use, recovery of hard and soft costs.

Long term goals

After a year or more, DOR should

- Explore potential for electronic conveyance of RETR data to RODs, using “fill packages” as a basis for entering and formatting of data and attachments.
- Continue efforts to develop a mechanism to extract data from the RETR files for internal, other agency and third-party uses.
- Annually reconvene the RETR working group, to document players' status / advancements since June 2000, plus newly-current goals and expectations.

END

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Full Text of Report

Introduction

In 1999 The Division of State and Local Finance (SLF) convened a working group to review and revise the Real Estate Transfer Return (RETR) form for improvements and efficiencies. The group consisted of about two dozen individuals including local and county officials, realtors, attorneys, software providers, and other users of the form, as well as state agency staff. The group met several times to discuss possible changes to the form. Their work culminated in the new RETR form which began to be used on January 1, 2000. The new form is more "user-friendly," and will be more useful to us here at DOR.

Our next step is exploring the possibility of creating an electronic filing system for the Real Estate Transfer Return form, based on the newly revised version of the form. This process will be complex. While electronic filing offers many opportunities for all users of the form, it offers many challenges as well. These challenges will affect the Department and prospective users of an electronic filing system.

The Wisconsin DOR and Electronic Filing

Over the last several years, internet use by individuals and businesses has increased exponentially. As individuals and businesses develop Internet familiarity, more and more transactions are carried out via Internet and e-mail.

As electronic commerce and electronic transactions become more common in the private sector, government has begun to explore electronic transactions. Many government transactions, such as renewal of auto registrations, are commonly conducted via the Internet. Other functions, such as job service assistance and unemployment compensation transactions, are being added and refined. Increasingly, the customers of government are calling for the convenience and speed of Internet transactions in their dealings with government.

With this in mind, the Wisconsin Department of Revenue (DOR) has been a pioneer in electronic filing of tax data and tax returns. In 1999 a total of 482,767 income tax filers submitted an electronic filing for their 1998 income taxes; e-filing for some income tax filers has been available since 1993 and has grown by double-digit percentages in each of the last three years. In addition, local governments are now able to file certain data and reports electronically with DOR. As part of this effort, DOR's Division of State and Local Finance (SLF) began in 1999 an electronic reporting process for periodic filing of data by cities and villages as part of the Tax Incremental Finance (TIF)

program. SLF is the Division of DOR responsible for administration of the Real Estate Transfer Return (RETR) and its associated fees.

Electronic Filing: Why the RETR?

The Wisconsin Real Estate Transfer Return (RETR) form is used in most transfers of real property for properties located on Wisconsin. All transfers of real property parcels in Wisconsin require a visit to the Register of Deeds in the county where the parcel is located; most transfers also require an RETR form to be filed with the Register and the state. This form collects information about the parcel; the grantors (sellers) and grantees (buyers); and includes or accompanies a full formal description of the property.

The RETR form is initially received by the County Register of Deeds (along with a small filing fee, based on the value of the property being transferred). The form must pass from the county to the DOR in Madison, where it is scanned and its information entered into a database. Next, it is then passed to DOR district offices around the state for use in determining property assessment levels in each Wisconsin municipality. Finally, the forms are passed to local property assessors in each municipality, for their use in tracking sales and property values. At present these movements are the physical transferences of hard-copy forms.

There is apparent interest in developing an electronic filing system for the Real Estate Transfer Return.

- The need to make so many transfers of the form, makes the RETR a "natural" candidate for electronic filing; transfers would be easier in electronic version than in "hard copy."
- The convenience and speed of information transfer that would be possible with a successful system would be helpful to all parties.
- Since the form is currently being scanned into a database, it would seem to be logically desirable to collect the data in electronic format from the beginning and eliminate the scanning when possible.
- The RETR form is somewhat lengthy and can require effort to properly complete in paper form; frequent filers of the RETR have advocated an electronic filing option in hopes of simplifying the filing procedure.
- Finally, the data that is collected from the RETR has value to many potential users. It is hoped that electronic filing will make the data more available to a variety of users.

Electronic existence of RETR filings and data would allow DOR to more easily share this data with local assessors, but also with other state agencies. The private sector is part of this equation as well. Realtors and others in realty-and-home-related fields have shown great interest in commercial access to a database of some RETR information. Finally, an accessible database of RETR information could also be of use to land information professionals and their many clients.

In sum, users of the RETR and the data it generates are eager to see the data available in a fully accessible, electronic format; it is believed and expected that electronic filing of the RETR form would make this possible. It is also thought that electronic filing would result in savings of time and effort for filers, Registers of Deeds, the Department of Revenue, and other users of the form and its data.

Exploring Options and Challenges

DOR's Division of State and Local Finance began an exploration of RETR E-filing in early 2000. To assist in this effort, the Division convened a working group of local officials and other involved parties. This group gathered several times to consider suggestions and requirements for an electronic filing system for the RETR. The group met four times, in March, April, May and June of 2000.

At the onset of the effort, SLF indicated its expectation that members of the group who were members of professional organizations would serve as liaisons and conduits for their groups. The Division wanted the state's professional groups to know about the discussions, and to have input through their members who sat on the working group. Participants in the group agreed to this request.

It was not the charge of the working group to recommend specific technologies, or to arrive at binding decisions on details of system operation. At the outset of the group's work, DOR made it clear that the group's role was to assist DOR in understanding the needs of an e-filing system and its users. It would remain for DOR to select a course of action on specific issues, choose products and vendors, and set a schedule for an e-filing system. The Department is envisioned as the owner and operator of the system, and as such must retain the right to make decisions about the system.

The working group was chaired by Wallace T. Tews, Assistant Division Administrator of the Division of State and Local Finance. A complete list of working group members is attached.

Cataloguing the Need: Demand, Requirements and Challenges

At meetings of the working group on RETR e-filing, group members discussed the demand for an electronic filing system for the RETR; the requirements of a system; and the challenges and concerns that such a system would incorporate.

Demand: Group members agreed that many users of the RETR have indicated (and continue to indicate) interest in an electronic version of the form. The group concluded that based solely on apparent demand, an e-filing system should be constructed at some point.

The group also learned that there is a major caveat to the demand for an e-filing system. Many prospective participants in a system are not yet fully electronic in their own operations; further, standards and system capabilities for existing computer systems are not yet settled into "industry norms." The sum of these facts is that while demand exists for an RETR e-filing system, that demand is not fully formed; many prospective clients are seemingly not yet ready to participate in such a system as originally envisioned.

- Expressions of interest in an e-filing system often seemed to assume that all of the interests and wishes of the interested party (form filers or form users) would be accommodated.

- It soon became apparent that different groups had different expectations and priorities for an electronic system; further, the group determined that actual interest in such a system varied widely among filers and form users.
- Some of these expectations will be difficult to meet; some are mutually exclusive.
- Even with these caveats, demand is not universal. The group confirmed the existence of a certain amount of trepidation about an e-filing system. Some users will be unwilling or unable to meet the hardware and staff requirements (however minimal) that a system would probably entail. Others will simply never be comfortable conducting business over the Internet. It was acknowledged that demand for a paper system will probably endure for a long time, even after an electronic system is created and implemented.
- As a result, an e-filing system cannot be expected to fully replace the current paper system.
- It follows from this that an e-filing system will not obviate the scanning system that is part of the current paper-form system; the Department will continue to have to operate a scanning system along with an e-filing system.
- It was also acknowledged that an electronic system will not be accepted if it presents difficulties equal to or greater than those faced by users in the current paper system. If an electronic system offers no advantages over current paper systems, offers too many barriers to participation, or is not any easier for users, there will be no subsequent demand for the system. This is discussed under "Requirements," below.

In sum, the group learned that demand for such a system will probably never equal the universe of form filers and users. However, the group concluded that if a majority of the caveats listed could be accommodated, demand for an electronic filing system did exist and could be met. Benefits to all users would result from successful implementation of such a system.

Requirements: As indicated, the group determined that an electronic system will not be accepted if it presents difficulties equal to or greater than those faced by users in the current paper system.

- Costs of entry and use would need to be kept to a minimum, whether measured in money, necessary staff training, or staff time to operate the system and file a form.
- To succeed, the system would have to be simple, and compatible with most users' business operations.
- The system should avoid any requirement that filers or form-users acquire single-use, "dedicated" computer hardware that can only be used for electronic RETR filing.
- Related to this, the group determined that any e-filing system needs to be constructed for ease of access and technical compatibility. Website-based systems seem to offer such features; they would allow DOR to retain control over the electronic environment of the filings, while assuring that every user operates with identical parameters.

- The system would need to be efficient. The transfer and registration of land ownership is serious business and must be accomplished without error, delay, or uncertainty.
- The system would have to be safe. Because land transfers are serious business and involve significant amounts of monetary and personal investment in property by owners, the consequences of errors and omissions are great -- and by the same token, the incentive for fraud and dishonesty in title transfer are also great. Any electronic filing system would have to be at least as safe as the current paper system -- and would have to be understood as such.
- On a related issue, a paper RETR form requires signatures from at least one buyer and seller. Any electronic filing system would have to include a "personal" guarantee of the relationship between a transaction and its participants, similar to a signature on a paper form. A higher measure of security is required than for an online purchase or an online filing of a tax form, as TWO parties are involved in a property sale. As the working group learned, protocols for and issues relating to electronic signatures are now evolving; these will have to be dealt with as an electronic filing system is conceived.
- The RETR form currently is often filed with attachments, which are created by the preparer of the form. The form has some space for legal descriptions of the property being transferred; but in many cases this space is inadequate and a separate sheet with a full legal description is filed as an attachment along with the form. The form has some space for the name of one buyer and one seller of the parcel; however, in cases where there are multiple parties to the transaction, an attachment listing each one is usually filed. Attachments are subject to some format requirements, but they vary widely in format and can include graphic images as well as text. To be fully useful, an electronic filing system for the RETR would have to have a means to deal with attachments, and incorporate them into an electronic packet with the appropriate RETR form for filing and retrieval.
- Finally, an e-filing system would have to have the confidence of its users. The many requirements noted here are of concern to many in the RETR process; and an e-filing system will likely not be used if the fears of potential system users are not put to rest. The system must be well-engineered and demonstrably successful, before the RETR community will put its full faith and credit into such a system.

Challenges: Beyond the requirements listed above, the working group learned that the RETR form entails some challenges unique to this form and its processes. Each of these must be dealt with before a system will succeed.

- Attachments: the technical challenges of incorporating attachments into an electronic filing are discussed above. Attachments will be a SIGNIFICANT challenge to a successful e-filing system. The working group considered many potential options for meeting the attachment challenge.
 - One possibility was to follow the model of current income-tax e-filings, in which an electronic file representing the tax form is followed by a hard-copy mailing of

related forms and schedules, and the two are re-connected at DOR. This possibility was rejected for logistical reasons: the fear of the working group (and the Department) is that matching an electronic RETR to a hard-copy mailing would be too difficult. Such a matching could not easily be conducted on the basis of a unique identifying number, as income tax filings are matched to hard-copy mailings; there is no analogous identification number inherent in a property transfer.

- The group discussed means of creating an identification number for RETR filings and linking electronic forms to hard-copy attachments via such a number. However, this prospect was eventually rejected as cumbersome and likely to produce errors. Further, this option would probably result in an untenable burden on the Department of Revenue, as additional resources would be needed to match electronic "form" submissions and their hard-copy attachments. Finally, the group saw that even if the two could be matched, there remained issues of converting the attachment into electronic format and "marrying" it to the form portion of the electronic filing; without such a conversion, the usefulness and potential advantages of the electronic filing system are essentially lost.
 - Another possibility mentioned was to require that participants in an e-filing system have a scanner; the system software could then be configured to create acceptable electronic attachments and link them indivisibly to the "form" portion of an electronic RETR filing as the filing is being created. The group felt that this option showed greatest promise of success; however, it does raise the "costs of entry" to the e-filing system.
- Flow of filings: The order or flow of the RETR form when filed has been described. At first there was some interest among the working group in altering the flow and sending an electronic RETR filing simultaneously to the files of the Register of Deeds, the DOR in Madison, and DOR district offices outstate. However, it was soon seen that the possible cross-currents of forms between actors (as corrections are made) could be unwieldy.

Frequently when an RETR filing is received at a County courthouse, the Register of Deeds (and / or the County Real Property Lister) must make corrections to the filing. DOR District offices must add assessed-value data to forms filed early in a calendar year, before the year's assessments are known. With the current hard-copy form, these are manageable processes, since a paper form can only be one place at one time, and can only read one way at any one time. If multiple copies of the form were sent to many parties at once, each would have an equally "viable" copy of the filing but might not communicate with each other as corrections and additions are made.

The group discussed the ways an electronic filing could be configured so that this virtue would be retained. The group also felt it would be desirable that an e-filing not be "correctable" once created, in order to avert fraud: presumably a filing that can be corrected can also be subverted.

- Preparer convenience versus DOR needs: Until an electronic system is available, RETRs will continue to be generated and filed on paper. (Indeed, at this point DOR expects that a paper RETR will continue to be offered even after an e-filing system is

created.) One point made during the discussions of the working group, was that for many in the realty or financial trades, the Wisconsin RETR is the one paper form that they cannot generate wholly from their own paper and laser printers. Many banks, realtors, attorneys, and other professionals use form-generation software which allows them to create documents in their offices from ordinary paper. These packages are widely used and known to the various professions.

However, DOR requires that all RETR submissions currently arrive on forms provided by the Department. This is done to facilitate scanning of the forms: the high-speed scanners used by DOR require paper of a very consistent weight and quality in order to operate properly. DOR-supplied forms ensure that data appears in the same (scannable) locations on each form, each time. Inks used on the form are heat-resistant to prevent scanning problems. Given all these requirements, DOR cannot allow RETR filing to be produced on ordinary (and varying) paper and so must insist on use of its supplied forms.

Paper RETRs can be prepared with a pen, in longhand; they can also be typed (and again, some professional are now accordingly obligated to keep a typewriter in their offices that is used only to generate RETR filings). RETRs can also be prepared on a PC. Currently three private-sector forms offer computer software that can be used to complete the RETR. These programs allow much easier printing of the finished form, and allow a file to be created and saved with property information. However, none of these software packages "communicate" with the forms-generation software commonly used by professionals, which means that information (and any changes) must be entered twice, once in each system.

The working group recommends that, as a segue to a truly electronic filing system, and as a convenience until such a system is available, DOR and affected parties explore ways to facilitate inclusion of an RETR "fill package" into the existing forms-generation packages now in use. The Department will be helpful in this effort, which it expects to conduct in tandem with the professional groups represented on the working group.

How to get there: Goals for an electronic RETR

Having discussed the demand for an electronic filing system for the RETR; the requirements of a system; and the challenges and concerns that such a system would incorporate; the working group collected statements from its members regarding what each member (or member's constituency) most needed in an e-filing system. Having compared these needs, the group concluded by laying out a list of short and long term goals to further e-filing of the RETR in a sensible and attainable manner.

Short term goals

In the next several months, DOR should:

REAL ESTATE TRANSFER RETURN E-FILING

October 2000

Membership of the Working Group

John Amundson, Director of Information Technology, Wisconsin Department of Financial Institutions; Madison WI

Al Brokmeier, Director of Land Information, Kenosha County; Kenosha WI

Denise Cole, Treasurer, Rock County; Janesville WI

Judie Gibbon, Wisconsin Department of Revenue / Bureau of Equalization; Madison WI

Mark Ladd, Register of Deeds, Racine County; Racine WI

Bob Leibsle, Wisconsin Bar Association / Godfrey, Neshek, Worth, Leibsle & Conover; Elkhorn WI

Rose Oswald Poels, Wisconsin Bankers Association; Madison WI

Susan Puntillo, Wisconsin Department of Revenue; Madison WI

John Reinemann, Wisconsin Department of Revenue / Division of State and Local Finance; Madison WI

Peggy Ross, President, Wisconsin County Treasurers Association / Treasurer, Rock County; Janesville WI

Don Schenker, Wisconsin Land Title Association / First American Title; Madison WI

Patti Schumacher, Information Professionals Company; Fond du Lac WI

Lori Scully, Real Property Lister, Juneau County; Mauston WI

Peter Shuttleworth, Wisconsin Realtors Association / Multiple Listing Service, Milwaukee WI

Wallace Tews, Wisconsin Department of Revenue / Division of State and Local Finance; Madison WI

Anne Wenninger-Gehring, Wisconsin Credit Union League; Pewaukee WI

Cathy Williquette, Register of Deeds, Brown County; Green Bay WI

Input was also solicited from Karen Gilster, of the Wisconsin Land Title Association; Duane Haakenson, of the Wisconsin Real Property Listers Association; John Mick of Perilex Software in Lake Geneva WI; and Rick Miller of Advanced System Services, Inc. in Altoona WI.

Real Estate Transfer Return (RETR) process flowchart

Process as of 1-1-2000; Revised 10-2000

Possible preparers Of a RETR

Private Sector

Title Companies
Attorneys
Realtors
Banks and other lenders
Individuals

Public Sector

Local governments
State agencies

Filers

- Collect needed information for form
- Fill out correctly
- Submit to ROD

Register of Deeds

- Checks form for accuracy, completeness, properly filled out; may return to filer if not
- Makes sure transfer is recordable based on form
- Collects fee Alerts DOR audit unit in some cases

Property Lister

- Checks accuracy of description
- Records ownership

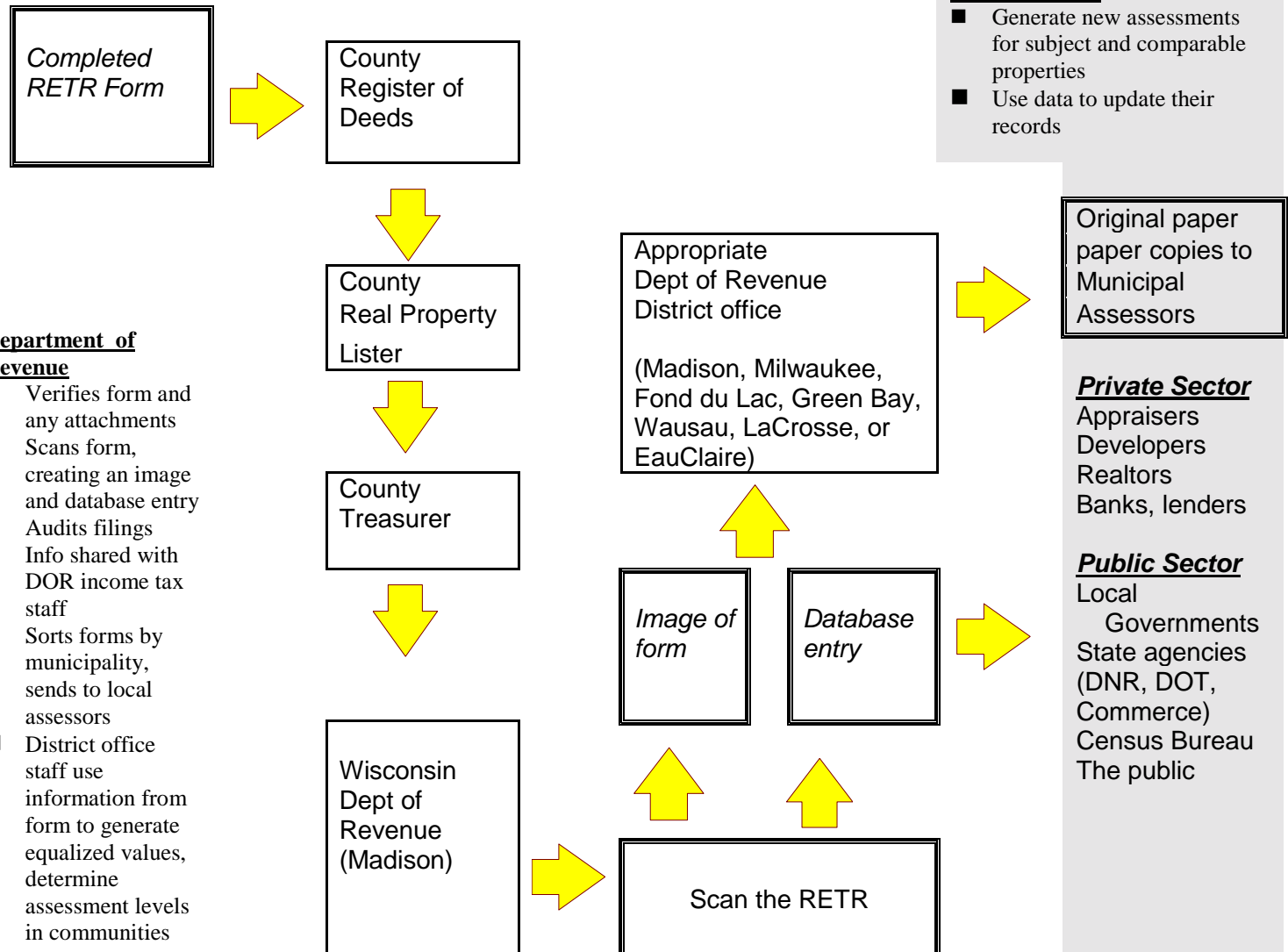
Treasurer

- Balances fees collected with forms filed
- Remits fees to DOR

Department of Revenue

- Verifies form and any attachments
- Scans form, creating an image and database entry
- Audits filings
- Info shared with DOR income tax staff
- Sorts forms by municipality, sends to local assessors
- District office staff use information from form to generate equalized values, determine assessment levels in communities

Collection, analysis and distribution of the RETR



Potential users of RETR information

Local assessors

- Generate new assessments for subject and comparable properties
- Use data to update their records

Original paper paper copies to Municipal Assessors

Private Sector
Appraisers
Developers
Realtors
Banks, lenders

Public Sector
Local
Governments
State agencies (DNR, DOT, Commerce)
Census Bureau
The public



REAL ESTATE TRANSFER RETURN

E-FILING WORKING GROUP MINUTES

MARCH 6, 2000

Date: March 7, 2000

Present: Wallace Tews, Chairman, DOR-SLF
John Reinemann, DOR-SLF
John Amundson, Wis DFI
Al Brokmeier, Kenosha County Real Property Lister
Denise Cole, Rock County Treasurer
Judie Gibbon, DOR-SLF
Mark Ladd, Racine County Register of Deeds
Rose Oswald Poels, Wis Bankers Assn
Don Schenker, First American Title
Patti Schumacher, Information Professionals Inc.
Lori Scully, Juneau County Real Property Lister
Peter Shuttleworth, Multiple Listing Service
Cathy Williquette, Brown County Register of Deeds

Minutes by: Rose Marie Buechner (edited by John Reinemann)

W. Tews: Goal of group is to come up with a working paper which encapsulates consensus of ideas, not necessarily looking at the technology part of the process.

Background provided on SLF efforts to scan hard-copy RETR filings. Prior to scanning, all information had been keypunched. First scanning effort not a success due to insufficient technology and software support; however, technology has since progressed. New RETR scanning system appears to be working; vendors offer examples of larger scanning systems that are successful (e.g. Home Depot electronically processes 450,000 invoices per day).

Project Charter was distributed. W. Tews explained that the strategy of this focus group effort is to identify customer needs. The objective in this, is to determine the mechanics of a possible RETR e-filing projects which would produce an end product palatable to customers. Project will require funding; amount available is undetermined at this time, however the Secretary of Revenue has given priority to this project. Funds will be needed after focus group is complete; a consultant would be hired to independently study the project looking at internal DOR needs and then recommend multiple vendors to contact for hardware and software needs.

W. Tews mentioned that it is a goal of the project not to revise the RETR form; the existing RETR form will hopefully be the basis of the e-filing effort, in electronic format.

Handout distributed showing filing process for RETR. Possible options in route and ordinal flow of filing were discussed by the group. Decision: the e-filing system should retain current route/ ordinal process whereby preparer files form with Register of Deeds and ROD sends to DOR.

"Law of Disruption" graph was distributed. Main points of graph: Technology will always be in the lead with the most up-to-date products. Social change will reflect people's willingness to accept the new technology. Funding - balancing business needs with attitudes of politicians. Discussion of concepts portrayed.

W. Tews invited comments from the group regarding RETR work process identification and what it should accomplish for users; a round table discussion ensued.

Consensus was reached on the following points:

- The RETR e-filing project should not disrupt existing technology
- It should not require or involve re-invention of existing technology
- It will begin with a pilot project, for limited jurisdictions, probably of a year's duration.
- An e-filing system would have three categories of customers:
 1. Very occasional users
 2. Intermediate class, not well served by web page
 3. Volume operators i.e., John Deere
- The project would not obviate paper filings
- The current system should be maintained: current route/ ordinal process whereby preparer files form with Register of Deeds and ROD sends to DOR is desirable.
- An e-filing system would have to incorporate security e-mail procedures.
- A system would have to address the issue of electronic signatures and verification.

Issues still to be resolved and discussed include:

1. Would the focus group work only on the filing of the form, or would it also discuss payment of tax itself? W. Tews responded that this question is open; no apparent consensus was reached at the meeting on this point.
2. What user fees would be charged of participants in the e-filing system? Several participants noted that there would be costs for entry into the system, as well as some savings. The issue of fees and costs was not discussed further and will be discussed in later meetings.
3. What means would be used to tie electronic forms to attachments?

As the process was discussed, J. Amundson explained that it might be useful to create a Use Data Flow diagram of the RETR filing process. After some discussion, J. volunteered to go through process of creating such a diagram after the group took a short break.

After break, W. Tews began by asking input on future meeting dates. The following dates were set for future meetings:

Date	Time	Location (TBA)
April 4, 2000	9:30 AM - 12:30 PM	GEF2, Room 027
May 3, 2000	9:30 AM - 12:30 PM	Room TBA
June 14, 2000	9:30 AM - 12:30 PM	Room TBA

Discussion of topic resumed as J. Reinemann distributed flow chart entitled, RETR Current (filing) Process.

J. Amundson described the Data Flow Diagram using J. Reinemann's flow chart. Admunson went to the whiteboard and drew a diagram with input from group members (see attachment).

W. Tews noted that the diagram would be useful for consultant to understand expectations of preparer. The stages of the filing process were discussed.

Possible barriers to e-filing began to be mentioned by group members. These included:

- Users potential concerns about adequate security and confidentiality (fraud, privacy concerns)
- Conversely, if security is onerous, it will dissuade users to electronically file.
- Historical database retention: E-mail must be retained by statute of limitations
- Cost (system creation, installation of system at users' facilities, data handling and reproduction)
- Political barriers

Notes by group members to these points included the following:

Cost: W. Tews noted that the Legislature passed a bill some time ago which allows DOR to sell non-confidential information from RETRs. Money collected is be invested into an IT fund, thus it is unclear the extent to which user fees could provide direct support for the new e-filing system.

Fraud: R. Poels discussed electronic signatures and their potential to reduce or eliminate fraud when properly used.

Privacy and confidentiality: It was noted that all information on the RETR is public record, with the exception of Social Security Numbers. It was also noted that Legislative Council is examining the issue of Social Security Numbers.

P. Shuttleworth suggested that the group needs to discuss possible uses of RETR data with regard to issues of access to data, policy questions, and property tax questions

M. Ladd distributed handout regarding Shana Corporation, with regard to technical ideas.

W. Tews asked group to fill out critique of meeting.

Assignments: W. Tews also asked all participants to think about some questions for the next meeting:

- What initiatives are the private sector investing in?
- Where are the interests of you and the group(s) you represent?
- Where are you (as an office or a represented group) "going" electronically?
- Complete biography
- Complete survey

Meeting adjourned at 3:30 p.m.

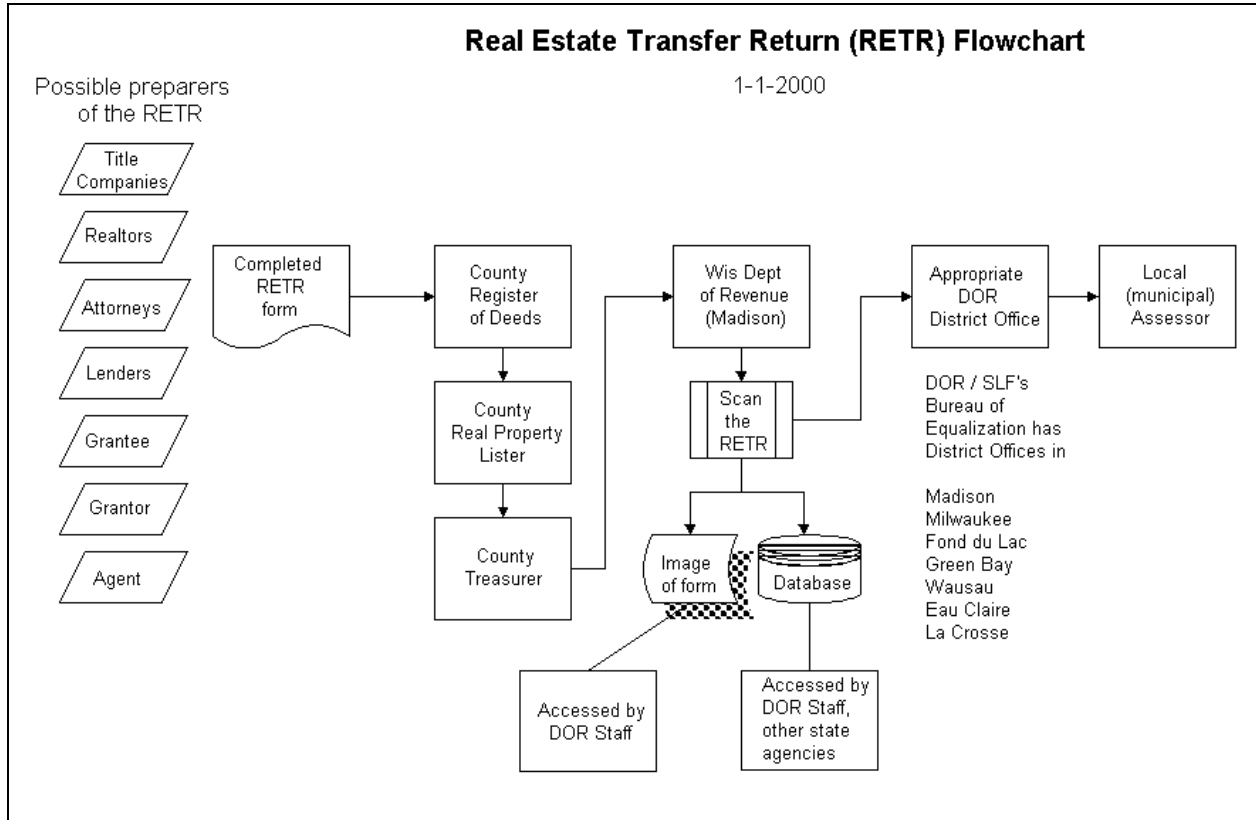
Next Meeting: April 4th, 2000; 9:30 AM - 12:30 PM, Room 027, GEF2, Madison.

REAL ESTATE TRANSFER RETURN

E-FILING WORKING GROUP MINUTES

MARCH 6, 2000

Attachment: RETR filing process



Filers

- Collect needed information for form
- Fill out correctly
- Submit to ROD

Register of Deeds

- Checks form for accuracy, completeness, properly filled out; may return to filer if not
- Makes sure transfer is recordable based on form
- Collects fee
- Alerts DOR audit unit in some cases

Property Lister

- Checks accuracy of description
- Records ownership

Treasurer

- Balances fees collected with forms filed
- Remits fees to DOR

Dept of Revenue

- Verifies form and any attachments
- Scans form, creating an image and database entry
- Audits filings
- Info shared with DOR income tax staff
- Sorts forms by municipality, sends to local assessors
- District office staff use information from form to generate equalized values, determine assessment levels in communities

Local assessors

- Generate new assessments for subject and comparable properties
- Use data to update their records

Other agencies

- DNR
- DOR
- Commerce



**REAL ESTATE TRANSFER RETURN
E-FILING WORKING GROUP MINUTES
APRIL 4, 2000**

Date: April 7, 2000

Present: Wallace Tews, Chairman, DOR-SLF
John Reinemann, DOR-SLF
John Amundson, Wis DFI
Al Brokmeier, Kenosha County Real Property Lister
Denise Cole, Rock County Treasurer
Judie Gibbon, DOR-SLF
Mark Ladd, Racine County Register of Deeds
Don Schenker, First American Title
Lori Scully, Juneau County Real Property Lister
Peter Shuttleworth, Multiple Listing Service
Cathy Williquette, Brown County Register of Deeds
Terry Giordano, Advanced Systems Services
Guest: John Rader, Administrator, DOR-SLF

Minutes by: Rose Marie Buechner (edited by John Reinemann)

Next Meeting: Tuesday, May 2, 2000 – 9:30 a.m., Room 207, 125 S. Webster Street

W. Tews opened the meeting asking for corrections/additions to minutes from last meeting. None were noted.

John Rader thanked everyone for their time and effort in participating on the study group. He noted the importance of the e-filing project and expressed support for the project and its success.

Mr. Tews moved to the Individual Presentation portion of the agenda. Questions asked as a basis of the participants' presentations included

- Where are the interests of you and the group(s) you represent?
- What initiatives is the private sector investing in?
- Where are you (as an office or a represented group) “going” electronically?
- If there is anything else you believe might be helpful to the team, please include it in your discussion.

J. Reinemann presented a handout, "Needs Questions" for RETR E-Filing System was distributed (a copy of this will be e-mailed and filed along with the minutes). Assignment for next meeting: Fill this out in detail and submit to J. Reinemann preferably in electronic format.

J. Reinemann then made an Individual Presentation on behalf of the DOR. His handout, *The Real Estate Transfer Return Form (RETR) from the point of view of the Department of Revenue*, will be e-mailed and filed along with the minutes. Other group members then made their presentations,; the group used Reinemann's handout for reference throughout.

J. Reinemann asked for feedback with regard to electronic initiatives / goals the private sector may have. W. Tews asked that if anyone is aware of an application which addresses the attachment issue in e-format, they provide information on the application in their next assignments. J. Rader noted the same issue is being addressed by Conquest Softworks located in Durango, Colorado, a developer of software for government and financial applications which range from document imaging and indexing used by county clerks and recorders. W. Tews emphasized going into detail when filling out the "Needs Questions" for RETR E-Filing System, i.e., Judie Gibbon would write a detailed presentation of Equalization's needs. At the point the floor was opened for individual presentations.

C. Williquette stated the Register of Deeds Office is not much different than DOR. Format - must have electronic and manual alternatives to attach fees with form; to decide how payment comes in with form; and how to return form to customer if rejected.

M. Ladd stated that he is aware of vendors who have figured out the issue of pairing attachments to forms; he can talk about this at next meeting. Ladd added that, in his view, there is a need for consensus re: format in which the form will be created, i.e., XML. Electronically we (RODs) have the imaging up and running now. By the end of 2000 there will be 50+ ROD's utilizing imaging systems. RODs are exploring I-Net distribution of data land records. Ladd added that, statewide, it's difficult to get 72 counties to agree. He also stated that off-the- shelf technology like Windows 95 would suffice for the system.

C. Williquette said the new technology has answers to indexing and storing problems. Shortly all 72 counties will have DFI/UCC programs; there are 17 counties remaining.

P. Shuttleworth noted that absorption of new technology by the real estate community can be slow, and is often taken only so far as consumer demand for the technology forces realtors to go. collection standpoint – MLS enter data, initiate data collection points for one-stop shopping. How do we put in e-commerce if we can't move data?

Shuttleworth said that in his opinion the necessary technology is not "off the shelf". Sees need to address issues re: moving data between various systems. An attempt to do so has begun: the Real Estate Transaction Standard (RETS) is the a new standard for exchanging real estate transaction information. RETS consists of a transaction specification and a standard Extensible Markup Language (XML) Document Type Definition (DTD). An info page is available at www.rets-wg.org; see also www.repa.org
Technology innovation such as this is in fact a competitive "edge," and will no doubt be seen as such soon.

J. Amundson remarked that DOA's Badger Net initiative may offer lessons and ideas. He expressed that he sees a need for county governments (RODs) to have access to high-speed Internet lines, saying that increased capabilities and usefulness of such a system would be well worth the added costs. He suggested that DFI could perhaps provide necessary technical support to counties in this matter. Amundson also noted that, as a real estate investor, he would like to have the capability to browse RETR information.

D. Schenker reminded the group that the title insurance industry has a more direct interest in the "input" portion of the RETR process, than it does in the "output" portion. A goal of the industry is to try to assure that no delays occur in the recording process, and asked that the current e-filing effort keep this concern in mind. Schenker noted that deeds will remain paper documents for the foreseeable future; he suggested that it might be necessary to examine the relationship between such (paper) documents and the (electronic) e-filed RETR forms being proposed here. It may be possible, he said, to allow the preparers of the two forms to save time on keypunching and similar matters when preparing documents. The second area of concern for his industry is fraud: the advent of e-filing, he said, must not allow / create a higher incidence of fraud (and thus of title insurance claims) than current system. Essential not only for financial reasons, but also for credibility of the entire system.

M. Ladd addressed the issue of delays in filing parcel transfers. Noted in that Racine County, 20-30% of RETRs submitted are now returned before filing for some deficiency (name / address absent, line(s) not completed, all fields not filled in, etc.). Current form places burden on drafter of document. Also, a parcel ID number and parcel legal description are required. Under an e-filing system, "checks" or "edits" could be built into the system to verify that all necessary lines are completed with something before the system would accept the filing.

J. Amundson agreed that fraud is a potential problem, and said a need will exist to tighten security under an e-filing system. D. Schenker noted that RETR forms currently are usually notarized face-to-face during "at-table closings." Major safeguards against fraud must be incorporated into e-format, he said.

J. Amundson – Identity side – anyone can walk in and file mortgage satisfaction.

M. Ladd referred to the work of the Electronic Signature Commission, saying that digital signature technology would provide a higher assurance of security (if utilized properly) than current systems. A digital signature does not eliminate a notary, as one is called for during creation of the digital signature. Legislation to permit a still-higher level of security in digital signatures (1999 AB 267) recently failed in Senate. Bill would have permitted use of biometric signatures, which include data on how a signer writes (re: angle, speed and pressure of pen) and stores this with your signature.

L. Scully stated that easy accessible for public will be an issue, as some rural areas don't even have word processors in courthouses; it may all the more difficult, she said, to provide facilities for the public to generate a digital signature and file an electronic RETR. She would like to see it possible to e-file an RETR from home, as one may now do with income tax returns. She added that, while many parties need (and should have access to) addresses, legal descriptions, and parcel numbers of properties, Social Security numbers should be for DOR use only – block out for public use. Finally, she suggested that there may be a training issue in some areas re: e-filing.

County and town boards will be reluctant to implement systems anyway; training and equipment needs should be kept to a minimum.

Re: Social security numbers (SSNs), W. Tews noted that the issue of use of SSNs as identifying data is political and controversial. Amundson reminded group that when an SSN is deleted from a form, a good link is removed that could enable the matching of records to persons. M. Ladd said that RETRs come to RODs currently with SSNs included, and a linkage as described by Amundson is not in place. He said that, in his view, an SSN need not be necessary on RETRs, and suggested an initiative be made to remove SSNs from the form. Shuttleworth and Amundson defended retention of the SSN for data matching and related capabilities. Amundson suggested that SSN data should be stored with DOR, since a precedent of confidentiality exists.

W. Tews suggested to the group that these topics of "who needs this information," and "what information can / should be kept from whom," and "criteria for obtaining certain information" are probably outside the scope of the group and will be dealt with at a later time.

A. Brokmeier suggested that e-filing needs time to develop. He called for standardization of forms and data formats, as was done with the Statement of Assessments. He also suggested that e-filing efforts be tried on Intranets before going to Internet efforts: he urged group to take an approach of testing a project before launching a large systemic effort. He suggested that the group should not try for a full e-filing RETR system, but instead work towards development of an "intermediate" system such as a standard format for saving RETR "filings" to disk or CD and forwarding these to DOR. After such a successful effort, he said, development of a full and direct e-filing system would make sense. He noted that currently, counties enter transfer return information daily / weekly into their own systems, and suggested that he would like to see a standardization of the format of such recordkeeping, which if standardized could be passed to DOR as entered.

W. Tews reminded the group that they had agreed at the first meeting, to working towards a one-year pilot program of e-filing with 2-3 participant counties. He offered his view that creating and intermediate step (as Brokmeier suggests) would be redundant and result in unnecessary effort.

J. Amundson suggested that counties need to have an option to either scan or keypunch forms in an e-filing system. Ladd responded that the ROD Association has a UCC system which uploads information about liens to DFI. If scanning efforts were broadened at the ROD level, client software to scan RETR forms could be provided to RODs (by DOR?) and the system could accomplish e-filing while relieving DOR of some of its current scanning burden.

Ladd reminded the group that currently RETR originals are delivered to DOR from 72 counties through US mail. County treasurers now photocopy originals in case they're lost or destroyed in transit; a scanning system would be no more work than most are currently doing, he said, and would be more useful and efficient than no such system.

W. Tews reminded the group that there are costs associated in viewing the RETR database, and presumably such costs would also apply to expanded scanning efforts. Example – 12-14 licenses at \$1,800 each to view the database. Such a proposal (county scanning) could be prepared as a budget proposal to legislature, which would require resolutions of who would do what in such a paradigm, where funding would come from, etc.

D. Schenker suggested that, if costs are too high, some / many potential system users may avoid buying software and will continue to use paper. He said that in his view, there needs to be some incentive to use e-filing if the system is to gain side use. J. Amundson suggested that a system would result in savings in future: reduced fees, keypunch / examiner staff eliminated by attrition.

BREAK

D. Cole stated that, from the view of a County Treasurer's office, potential system cost is a big issue for counties: she said that if there is any cost at all to a system, some / many counties will not use the new system if the old paper system remains available. She also expressed concerns regarding the process of matching / balancing the money remitted to the state each month, with RETR forms as filed. Ladd suggested that "edits" in the e-filing process could assist the process of matching money to forms, e.g. requiring rounding of property costs to the next higher one hundred dollars, calculating the fee automatically, allowing a 3% "slide-through" until discrepancies are found at end of month.

In reply to a question, W. Tews reminded the group of the desired timeframe. By July 1st DOR hopes to start an RFP; by January 2001 it hopes to have a report developed; it is hoped that the project would appear as a funding / budget initiative by January 2002.

J. Gibbon noted that DOR's Bureau of Equalization manipulates data for assessors and district offices. It would be useful, she said, to be able to link diverse other pieces of information (assessment roll, previous years taxes, parcel values) and suggested that the e-filing system accomplish this if possible. Issues to be resolved, she said, included level of Internet access to the form for filing purposes, as well as issues of retention of RETR data (who keeps final product for historical purposes, in what format, for how long).

M. Ladd replied that, in case of an evidentiary need for an RETR form, there may be concerns regarding capability to reproduce e-signature for a court process 20 years from now. W. Tews noted that currently, paper records are retained by statute. Ladd reminded the group that DOA is now at work on an administrative rule re: electronic records.

T. Giordano introduced himself as representative of Advanced Systems Services, attending meeting for Rick Miller. He noted that in scanning, Optical Character Recognition (OCR) is increasingly used as issues of graphics and compression are worked out for archival purposes. OCR, he noted, is used by DOR in its current RETR scanning system. Ladd added that scanning in ROD offices creates a single, non-editable "picture" of a form, which is required for their purposes. Giordano said that an e-filing system could be a composite of both scanning and keypunching, with a possible goal being to store each single transaction on one floppy disk, as an example.

T. Giordano asked whether the current group would be having a technology session? Tews replied that no it would not; experts in the field will address our concerns / needs once the group has helped DOR draw up a list of needs / goals for the experts to work from. Giordano asked if ISO formats would be followed; Tews suggested that the workflow charts in progress as part of the group's current effort will expand on work / customer requirements.

In conclusion, Tews drew attention to agenda item #3 and discussed the "assignment" being asked of group members for the next meeting. The goal is to get everyone's portion of the picture: what is the process, what happens to the document, what elements go into it, legal description with listing contract, where does it go after you're through, key player function – interacts with next layer.

Tews also distributed a list of questions that he asked by used as a guide in completing the overview assignment. He asked that group members be specific in their assignments, and noted that it would be useful if the assignments included what each participant's office or group does with the RETR, but also: where does the data come from that each group uses? To whom does each group supply what kinds of data, and in what form? Amundson noted that these issues are necessary if the "filing process chart" handed out at the March meeting is to become a true "data process" chart.

Assignments

- Fill out in detail "Needs Questions" for RETR E-Filing System and submit to J. Reinemann preferably in electronic format by April 24th. See notes immediately above.
- Narrative on flow chart / data chart
- Critiques of April 4th meeting may be e-mailed

Meeting adjourned at 12:10 p.m.

Next meeting: Wednesday, May 2nd, 2000, 10:00 AM, GEF3 State Office Building, Room 207



**REAL ESTATE TRANSFER RETURN
E-FILING WORKING GROUP MINUTES
May 2nd, 2000**

Date: May 11th, 2000

Present: Wallace Tews, Chairman, DOR-SLF
John Reinemann, DOR-SLF
John Amundson, Wis DFI
Al Brokmeier, Kenosha County Real Property Lister
Judie Gibbon, DOR-SLF
Mark Ladd, Racine County Register of Deeds
Rose Oswald Poels, Wisconsin Bankers Association
(accompanied by Sherry Pomplon)
Susan Puntillo, DOR-AMS
Peter Shuttleworth, Multiple Listing Service
Cathy Williquette, Brown County Register of Deeds
Scott Jacobson (for Bob Leibsle, Wisconsin Bar Association)

Minutes by: John Reinemann

Next Meeting: Wednesday, June 14th, 2000 – 9:30 a.m., Room 100, 125 S. Webster Street

Tews opened the meeting asking for corrections/additions to minutes from last meeting. None were noted.

Discussion proceeded to the assignments that were to be presented by group members. These were members' responses to the handout "Needs Questions" for RETR E-Filing System which had been distributed at the last meeting. A packet was distributed of each assignment received.

Tews summarized the submissions of DOR's Bureau of Manufacturing and Teleco Assessment (MTA). Tews noted that MTA is a user of data from RETR filings, and not directly involved in the preparation of or the handling of RETR filings in process. The reply of MTA (like all others received) will become part of the record of the working group.

Williquette and Ladd collaborated on a submission from the Registers of Deeds. RODs seek an e-filing system. They feel such a system should have ease of use; contain "edits" to check as a filing is being prepared, which would prevent filings from being filed until certain inconsistencies or omissions on a forma are corrected; the system should be safe, secure, and economical (with low

or no entry costs or maintenance costs for users). RODs are willing to remain the central collection point for RETRs but would like the ability to take payment via credit cards and electronic transfers of funds.

Ladd noted that approximately 50 of Wisconsin's 72 counties now store electronic images of RETRs in some format.

Ladd described Racine County's efforts to acquire an electronic filing system for many of its ROD documents including RETRs. He noted that the county received only six bids back on its RFP and is currently reassessing its next step in this area; Racine County, he said, may not get to full e-filing as soon as it had hoped. The likeliest looking bids (i.e. from vendors who seem truly able to deliver timely on a useful system) are running \$1 million and up; he (Ladd) acknowledges that this is a lot of money for any county government. Another key point, Ladd noted, is that there is typically very little programming and technical support available for such a system even in larger counties; smaller counties may not have any such resources to support such a system. This would mean ongoing expense for maintenance.

Amundson suggested that perhaps a consortium of counties would be better able to bear such a cost, than any one county could alone. Amundson and Tews congratulated Ladd and Racine County on completing the necessary exploratory work connected with producing an RFP and reviewing bids; they noted that Racine County's experience revealed potential pitfalls in attempting such a project.

Tews suggested that, given the logistical challenges noted by the working group in its discussions thus far, and given also the sort of response received by Racine County in its effort to expand e-filing, it might be prudent to hold off on a full, statewide RETR e-filing system until the technology and marketplace catch up to the needs of such a project. He asked Ladd to summarize Racine County's e-filing effort thus far.

Ladd replied that Racine County still wants to do all deeds and other property forms electronically, incorporating use of electronic signatures. Once an electronic record arrives at the Racine ROD office, checks and verifications on the document would need to be made by ROD staff, and an e-filing system would have to facilitate this. Also, the system would have to allow ROD to produce a "paper trail" for possible future court proceedings on some transfers. Such a system, Ladd said, would save time and effort for ROD staff, speed document preparation time, catch errors BEFORE a document is recorded, and provide better access to documents and information.

Tews led group through Don Schenker's submission on behalf of the Title Companies. The group determined that, per Schenker's submission, the Title Companies' big concerns are that any new filing system not harm (and should help) the timeliness and accuracy of the filing system now in place. Schenker reports that, in his judgement, Title Companies need access to a system for purposes of document preparation and filing, but do not seem to want / need access to past filings. The working group, however, felt that some Title Companies might well wish for access to the database of filing documents as well.

Attorneys / State Bar: Leibsle prepared a submission on behalf of attorneys generally. Tews and Jacobson walked through Leibsle's submission for group. Per submission, attorneys and their staffs (paralegals) have an interest in accessing the system and being able to search the database / imagebase of past filings. Ideally an e-filing system could be linked to and compatible with e-filing of property deeds, and possibly linked also to ACT, a time-tracking (billing) program in wide use by law offices. Finally, need to be able to retain court-admissible records of the transfer in perpetuity, in case litigation occurs re: transfer. From discussions, it became apparent that different law firms will have very different work flows and quantities of RETR preparation.

Brokmeier expressed that in his view, attorneys and other non-govt users of a potential system bring many challenges to system planning, as their work processes and amounts of RETR work vary so greatly. Perhaps (he said) it would be a more attainable goal to include only govt entities in an RETR e-filing system, at least at first, and concentrating on getting this more modest system to work, before allowing private entities to join the system. The system and its capabilities could then be tested and evolve before a more ambitious system is tried. Brokmeier offered his view that a system that creates a scanned image of the RETR is sufficient, and could be used to check on the entries and verify information on the form. In such a system, data from the forms would need to be keyed by the preparer – as it is now, one way or another; most preparers have this information in some format, in some place, keyed and entered.

Amundson commented that in his estimation, Title Companies (and perhaps others) would prefer a system that scanned, but included OCR capabilities as well as a picture image. Access to the database created by OCI could be granted to many users, allowing easy handling and correction of data.

Brokmeier suggested that the "next step" that would be practical for DOR is to drop the idea of a strictly electronic RETR form, at least for the near term. Perhaps an intranet for RETR preparers would be useful, allowing limited submission of data. However, Brokmeier noted that in earlier discussions, scanning of individual RETRs by RODs (as the forms are filed) had been discussed, and he sees potential for a savings of effort and accuracy by all involved, if RODs are willing to participate.

Tews noted that, for DOR's purposes, it would be necessary that any scanning system do OCI as well as create an image of the form; DOR scans the forms now, for image and OCI, and needs both to continue.

BREAK

Shuttleworth described ZIPFORMS, a suite of "canned" property forms (such as offers to purchase, counteroffers, deeds, etc.) He suggested that having a "fill package" for the RETR included in the ZIPFORM suite would be the single most useful change for most realty staff, and

noted that a revision of the ZIPFORMS suite is currently underway. He indicated that he wished to see the group contact the makers of ZIPFORMS and urge this change. He also stated that he hopes that the long-term possibilities for a complete, widespread and fully electronic RETR filing system continue to be in everyone's minds – but in his opinion, the working group would be best advised to promote a less ambitious system that would still bring benefits to users AND would be likelier to succeed. He suggested that in this case, the private sector may be able to encourage progress by govt on electronic filing. He urged that to this end, DOR and local officials continue to partner with private sector to learn about new paradigms and accomplish mutual goals.

Poels noted that, in her observation, Title Companies prepare the RETR in the majority of transfers. She said that banks and other lenders do want access to images of filed RETRs, once the image is sent or the filing, filed. She noted that a Web-based environment for any system would be the likely choice of most lenders. She also spoke to the idea that perhaps a complete, widespread and fully electronic RETR filing system should not be attempted until a preliminary or transitional system is constructed. She indicated that in her judgement, such a system is worth doing, and is worth doing correctly – and that this might well require a journey of increments. She noted that many working group members seemed to share this desire for prudent speed rather than haste.

With all submissions having been discussed, Tews said that in his view, the next step for the working group should be to sketch out goals for development of a system. He added that in his estimation, goals should be developed for the “short term” and the “long term.” The group agreed that “short term” meant “within six months of the working group’s adjournment,” and “long term” meant “a year or longer after adjournment.”

Wally suggested that, as he listened to the group’s discussions, he might outline goals for DOR (as developed by the working group) as follow:

Short term goals

In the next several months, DOR should:

- Work to see that an RETR “fill package” is included in existing professional software packages such as ZIPFORMS. This will require cooperation with existing package vendors.
- If possible, such a package should permit integration or linking between forms within the package, to allow (for example) an RETR to be generated from data previously entered when composing (for example) an MLS listing, to save keystrokes and reduce errors. This is not currently offered by any package known to the working group, but it is seen as an attainable goal. This will require cooperation with existing package vendors.
- Investigate the possibility of ROD scanning of RETRs as filed, using current RETR scanning system and existing DFI computers, augmented by a scanner. This program should probably begin as a pilot program with participation by limited counties.

Long term goals

After a year or more, DOR should

- Explore potential for electronic conveyance of RETR data to RODs, using “fill packages” as a basis for entering and formatting of data and attachments.

ASSIGNMENTS

- All group participants are asked to sketch a list of short-term and long-term goals for the DOR, based on the discussions of the working group. Participants are asked to pass these to John Reinemann at jreinema@dor.state.wi.us in electronic format by June 7th
- Narrative on flow chart / data chart: if participants have any further input for the flow chart / data chart showing the RETR preparation and filing process, they are asked to submit it to John Reinemann in electronic format

Meeting adjourned

NEXT MEETING: Wednesday, June 14th, 2000, 9:30 AM, GEF3 State Office Building, Room 100



State of Wisconsin • DEPARTMENT OF REVENUE

DIVISION OF STATE AND LOCAL FINANCE • MADISON, WI

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REAL ESTATE TRANSFER RETURN E-FILING WORKING GROUP MINUTES June 14th, 2000

Date: June 14th, 2000

Present: Wallace Tews, Chairman, DOR-SLF
John Reinemann, DOR-SLF
John Amundson, Wis DFI
Al Brokmeier, Kenosha County Real Property Lister
Judie Gibbon, DOR-SLF
Rose Oswald Poels, Wisconsin Bankers Association
Susan Puntillo, DOR-AMS
Peter Shuttleworth, Multiple Listing Service

Minutes by: John Reinemann

Next Meeting: This is the last regularly scheduled meeting of the working group.
The group may be re-convened as circumstances dictate.

Tews opened the meeting asking for corrections/additions to minutes from last meeting. None were noted.

Shuttleworth asked if it were really the case (as mentioned earlier) that 50-plus Wisconsin Counties are storing electronic images of the RETR. Tews replied that, at the quarterly meeting of the RODs in Wisconsin Dells, this topic was mentioned and that estimate shared orally, and no demur was made.

Tews reported further that, at the meeting, the concept was discussed of having RODs scan the RETRs as they are filed, and forwarding images and data to WisDOR. Although some resistance to the idea was noted, Tews reported that there was also considerable interest in the idea. Further, Tews summarized the reaction of many RODs that they are very interested in having their offices remain central to the RETR filing process, and that scanning the RETR as it is filed may be a good way to maintain their role in the RETR process.

Brokmeier discussed a meeting of the Wisconsin Land Information Association on June 2nd in Eau Claire, at which he and others discussed the work of the RETR e-filing working group. He noted that legislation has been introduced in the US Congress that would stipulate that electronic signatures could not be refused by certain parties or in certain transactions. Brokmeier noted that this legislation has not yet passed into law, but said it is indicative of coming trends.

Tews related his experiences at a conference on electronic government, held in mid-May in Tampa FL, which Tews and Reinemann attended in their role as DOR employees.

- Tews relayed to the group the essence of a talk on electronic signatures by Benjamin Wright, an attorney in Dallas TX who has practiced and written on the law of electronic signatures and electronic commerce. Wright outlined the history and current issues of electronic signatures in his talk. His message in essence was that electronic signatures are already in use, will become more common, and bring with their use certain policy and logistical issues that government and business will have to deal with and accommodate in their operations
- Tews also discussed the state of electronic government as portrayed at the conference. In essence, he reported that while jurisdictions across the country are attempting to go "online" with their services, and many advances are being made in available technology, two trends were widely reported: 1. Government (particularly at the federal level) often attempts to do too much, too fast, sometimes with little or no additional funding; and 2. Technology is progressing but still has finite limits, which too often are discovered once a project is underway.

The group then discussed the submissions of various members. At the May meetings, group members were asked to sketch a list of short-term and long-term goals for the DOR to pursue re: e-filing of the RETR, based on the discussions of the working group.

Submissions by group members Submissions are attached to this document. Group members summarized their submissions orally at the meeting; the actual submissions are offered here in their entirety.

Tews noted that at the May meeting, he had offered the following list of short- and long-term goals for DOR re: e-filing:

Short term goals

In the next several months, DOR should:

- Work to see that an RETR "fill package" is included in existing professional software packages such as ZIPFORMS. This will require cooperation with existing package vendors.
- If possible, such a package should permit integration or linking between forms within the package, to allow (for example) an RETR to be generated from data previously entered when composing (for example) an MLS listing, to save keystrokes and reduce errors. This is not currently offered by any package known to the working group, but it is seen as an attainable goal. This will require cooperation with existing package vendors.
- Investigate the possibility of ROD scanning of RETRs as filed, using current RETR scanning system and existing DFI computers, augmented by a scanner. This program should probably begin as a pilot program with participation by limited counties.

Long term goals

After a year or more, DOR should

- Explore potential for electronic conveyance of RETR data to RODs, using "fill packages" as a basis for entering and formatting of data and attachments.

During discussion of the submissions, concerns about potential fraud with e-filing, and other possible problems with an "in-absentia" transaction (such as an e-filed RETR) were expressed by many.

Poels noted that large (banking) firms are typically more enthused about e-filing than smaller ones. An implication of this observation, in her judgement, may be that customers and smaller banks might prove less eager to invest in the equipment and technology that would be needed for a truly and completely electronic filing process for the RETR, than would larger banking institutions.

Brokmeier stated that he sees a difference between (on one hand) information transfers between governmental units, and (on the other hand) info transfers between government units and "private-sector" firms or individuals. It is, he noted, easier to start a system based on transfers between governments, than between government and the private sector; all participants are already "partnered" in a working relationship; mandates can more easily be issued to participants re: system requirements and expectations.

Tews summarized the submissions of group members at the June meeting. He noted that many submissions had spoken not only of steps that should be taken, but of concepts that will need to be remembered as progress is made in this area. Security, reliability, and practicality were mentioned by many group members as important aspects of any potential e-filing system.

Tews reminded group members that the working group had been an effort by DOR to learn about pitfalls, concerns, and potential demand for an e-filing system. Tews stated that the Department had learned a great deal from the participation of those in the working group. He thanked group members for their effort, input, and support as the Department begins to explore electronic filing options for the RETR.

Tews stated that the Department would be compiling the outcome of the working group into a single document: a report on the working group that would contain the conclusions of the Department re: e-filing of the RETR, and lay out a plan for action by DOR in the future. This report would be shared with group members and other interested parties when completed. If a consultant were to be hired to further an e-filing effort, the report would be provided to the consultant as well. Tews reminded the group that they would probably be asked to meet again at some future date, either to assist a consultant in creating a system or simply to provide DOR and other group members with an update on the demand and requirements for a future system.

John Rader, Administrator of the DOR's Division of State and Local Finance, joined the meeting to thank group members for their help as well.

Meeting adjourned

NEXT MEETING: This was the last regularly scheduled meeting of the working group. The group may be re-convened as circumstances dictate.

Short and Long term goals for RETR E-Filing

-----Original Message-----

From: Don Schenker [mailto:dschenker@firstam.com]
Sent: Monday, May 22, 2000 12:05 PM
To: jreinema@dor.state.wi.us
Subject: RETR form

Mr. Reinemann:

The title industry's short-term goals for this process all focus on the recording process. Whatever changes are made, it should not slow down the recording process. It also should not make the recording process more cumbersome.

The long-term view would also take into account our concern over fraud and forgery entering into the recording process. While there is little incentive for fraud and forgery in the preparation of a RETR form, electronic preparation or recording of the instruments that accompany the RETR form at the Register of Deeds offices are tempting targets for the miscreants of society.
Don Schenker

-----Original Message-----

From: Rose Oswald Poels [mailto:ropoels@wisbank.com]
Sent: Friday, June 09, 2000 9:56 AM
To: jreinema@dor.state.wi.us
Subject: RETR Assignment

. . . As I've stated previously, the banking industry is only peripherally interested in the electronic filing of the RETR form as most of the time, lenders are not preparing this form. The bigger picture is really what interests lenders and that is fully automating in an electronic fashion the real estate closing process. Being able to file the RETR form electronically is one piece of the big puzzle.

As a result, I do not have any additional short term or long term goals as of yet other than what we came up with at the last meeting. I think it is very important for the RETR form to be able to be included in existing software packages. WBA's subsidiary, FIPCO, sells and maintains a software package that is purchased by almost all of the financial institutions in the state of Wisconsin. Incorporating this form electronically into this software package would be a great first step. The problem, however, of printing the form in the format required by the DOR is a stumbling block for our particular software. I am not sure how or if that can be overcome in the short term.

Thanks, Rose Oswald Poels

-----Original Message-----

From: Gibbon, Judie A
Sent: Monday, June 12, 2000 1:13 PM
To: Reinemann, John F
Subject: RETR goals

DOR SHORT TERM GOALS (within 6 months of working group's adjournment)

- Have DOR continue to refine and use the ISE scanning equipment to generate a RETR image and database. Define & expand uses for the scanned database data through PC/mainframe manipulation and Internet availability.
- Pilot with some county assessment roll data for extraction of specific parcel ID's values to merge with RETR database.
- Work to see if existing professional software packages can produce scannable forms for DOR scanning or if they can generate flat files that could be e-mailed to DOR for loading into existing RETR database.
- Pilot a flat file transfer between interested ROD's & DOR
- Pilot a remote connection using IBM Content manager & secure mainframe access
- Format DOR Budget request for FTE who would continue the momentum for RETR e-filing & explore new technology changes

DOR LONG TERM GOALS

- Annually reconvene the RETR working group, to document players' status/advancements since June 2000 & current goals/expectations.
- Study and develop a mandatory uniform statewide parcel identification numbering system.

Narrative on flow chart / data chart: if participants have any further input for the flow chart / data chart showing the RETR preparation and filing process, they are asked to submit it to John Reinemann in electronic format

- Add a box under Scan the RETR & b/4 the divided arrow saying:

Verifies form & attachments

- Under the box that says accessed by DOR Staff to include another box to say accessed by s. 77.265 other agencies (DNR, DOT, Commerce)

-----Original Message-----

From: Al Brokmeier [<mailto:ABrokmeier@co.kenosha.wi.us>]

Sent: Tuesday, June 13, 2000 12:31 PM

To: 'John Reineman'

Subject: Long Term, Short Term Goals - Flow Chart

Short Term Goals:

- Ascertain the willingness and the ability of the Register of Deeds to scan the transfer form, and to send information with a copy of the associated document electronically to the DOR.
- Identify issues that could impede an electronic transfer of information from the Register of Deeds. As an example conversion of data, software & hardware concerns. Study cost effectiveness.
- Analyze the flow of information between state agencies and local entities to determine whether information processed by Department of Revenue could be or should be accessed electronically through the Internet or if a creation of a smaller "intranet" group would serve a more useful purpose.
- Address the historical archival of the RETR and determine how and who should be allowed to retrieve historical information.
- Identify issues that would affect the electronic transfer of information from the private sector.

Long Term Goals:

- Develop a procedure for the electronic transfer of the RETR to the DOR from the Register of Deeds.
- Create pilot project areas.
- Create a sales product that is Internet accessible and would satisfy privacy concerns relating to name and address.

Work with a private sector agency, such as Banking and Mortgage lending institutions, on the steps necessary to electronically file documents.

-----Original Message-----

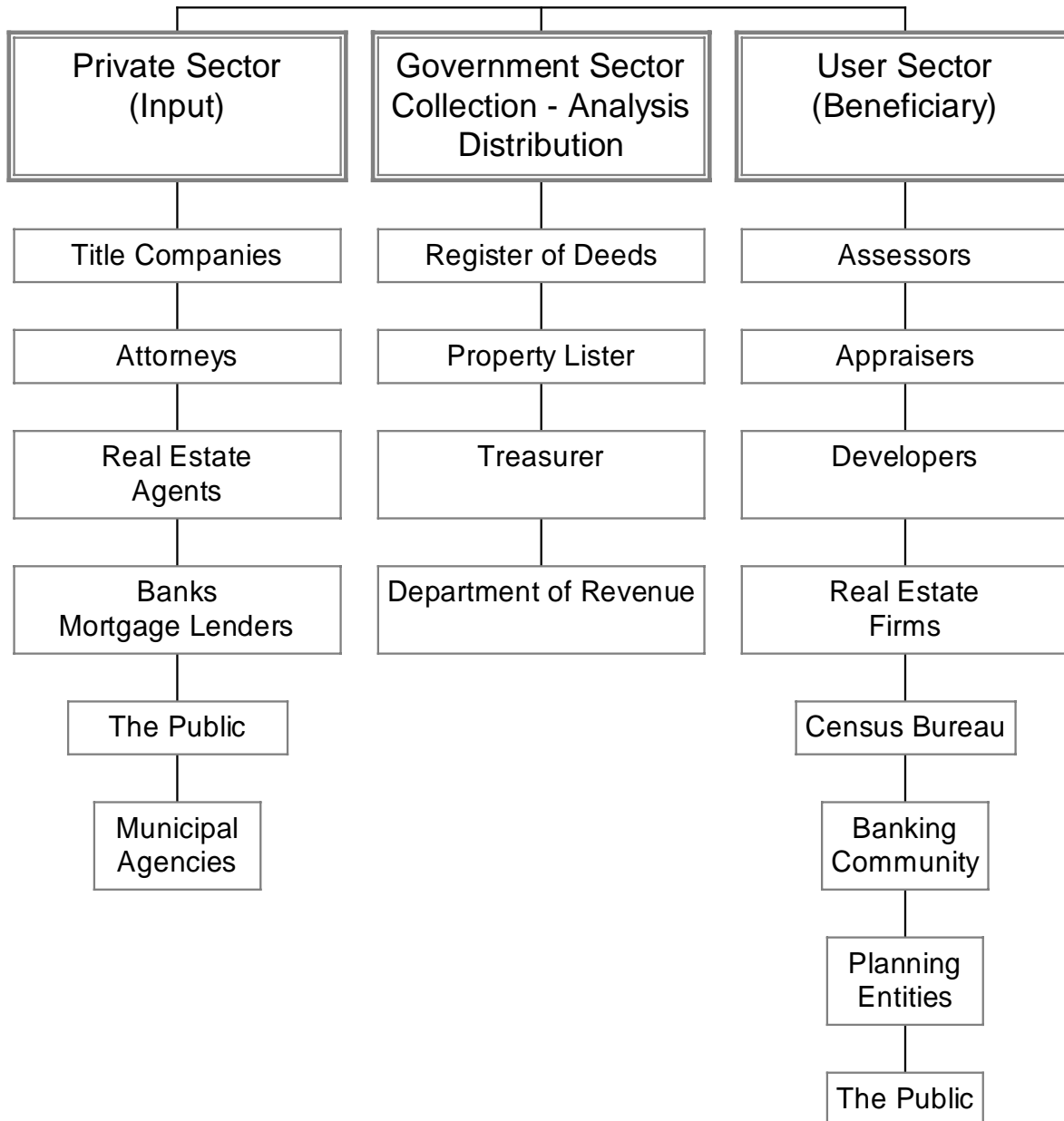
From: Al Brokmeier [mailto:ABrokmeier@co.kenosha.wi.us]

Sent: Tuesday, June 13, 2000 12:31 PM

To: 'John Reineman'

Subject: Long Term, Short Term Goals - **Flow Chart**

Transfer Return - Input - Analysis - End User



ADVANCED SYSTEM SERVICES, INC.

2255 Spooner Avenue
Altoona WI 54720
Tele. (715) 836-9559
Fax. (715) 836-9576

Hello John,

I sincerely apologize for not having been able to attend what seems to be a fast-paced and set of truly dynamic group meetings. Indeed the task appears to be quite daunting.

In order to stop the movement of paper back and forth from the ROD to the DOR, the information from the RETR needs to be collected at the ROD. It would seem the largest time and economical concern for the RODs is that of getting data from the RETR. An image can be scanned in rather short order without a great deal of concern for a typographical error. Data on the other hand always leaves one wondering who will be responsible for errors.

Short term goals:

- 1) The DOR to outline the data file format and the image file format required for submission by the RODs to the DOR.
- 2) The RODs to implement a method of collecting and handling a data file providing the RETR information from the filers for submission to the DOR.
- 3) The DOR to provide a method of collecting and making use of the data files to be submitted by the RODs.

Long term goals:

- 4) The RODs to implement scanning the RETR after having filled in their portion of the RETR as best suits their situation.
- 5) The RODs transmitting their data file to the DOR for inclusion with the DOR's database.

Notes:

The RETR filers in the private sector that produce a large quantity of RETRs can easily adopt the ability to transmit a data file which contains a data format suitable to the RODs. This would require a significant nudge by the DOR in order to gain acceptance. The first step would be requiring the submission of the RETR in a data format along with the RETR document for large filers. The RODs can then complete their respective areas of the RETR as they see fit and scan the RETR to the data file being submitted to the DOR.

More . . .

ADVANCED SYSTEM SERVICES, INC.

2255 Spooner Avenue

Altoona WI 54720

Tele. (715) 836-9559

Fax. (715) 836-9576

How would this work in action ?

- 1) RETR filer submits the data file electronically to the ROD.
- 2) The ROD determines via software that all appropriate areas have been filled in.
- 3) The physical RETR document is received at the ROD.
- 4) The ROD reviews the RETR, and fills in the appropriate ROD info.
- 6) With the appropriate data file selected the image is scanned into it.
- 7) This data file is then transmitted or outputted to a file for transmission to the DOR.
- 8) The DOR makes the information available to interested parties.

Possible Methods to get accomplished:

- 1) The DOR should require firms filing (as an example) in excess of 48 RETRs annually to submit them electronically to the ROD in a data file that contains the RETR information.
- 2) The RODs can run a software application against the datafile to insure that the necessary areas of the documents are filled in.
- 3) The RODs fill in the necessary ROD information.
- 4) The RODs can also input any additional information the Local County wishes to maintain.
- 5) The RETR is scanned to the data file. The ROD can then transmit the data files electronically to the DOR.
- 6) In order for the RODs to accommodate the RETRs that arrive without a data file, they will need the ability to scan the RETR and either perform data entry or have their scanning equipment perform that task before submission to the DOR.

Hopefully these goals do not seem too far out of touch with the Group's goals. Reading E-mails are not the same as being present and I do apologize for my absence. Thank you for keeping me informed.

Sincerely,

Rick Miller
Advanced System Services, Inc.

-----Original Message-----

From: Peter Shuttleworth [mailto:pshuttle@metromls.com]
Sent: Friday, June 16, 2000 3:10 PM
To: 'John Reinemann'
Subject: notes from 6/14 meeting

Notes and comments for the RETR Work Group

June 12, 2000

Short Term

Without doubt, timeliness and accuracy are key issues. Do not disrupt the momentum of the DOR to cooperate with local governmental agencies or private parties.

DOR should continue its efforts to perfect the scanning process and the aggregation of the data. It should review internally and perhaps externally, the definitions regarding analysis, retention, distribution and re-use of the data.

Registers of Deeds should work with DOR to see if some of the scanning process can be off-loaded to the counties. How does this process dovetail with current technology at the county level? Be somewhat restrictive in allowing the process to be replicated at the local level so that the work and data flows are kept in mind. Other issues? Security, accuracy, time lines?

DOR should work with real estate industry groups to effect an electronic document for the RETR. Use Wisconsin Realtors Association effort with Zipforms? Create a scannable document in the short term but keep in mind the electronic document and data for the long term and the ability to integrate data from listing to closing and from foreign systems.

DOR might examine the possibility of creating or joint venturing a software package to complete the RETR, for public distribution. Maintain the RETR in its current format and examine any anticipated changes over a long term.

DOR should create and plan for the ability to extract data from the RETR files for internal, other agency and third-party uses. Licenses, restrictions on use, recovery of hard and soft costs.

DOR should represent in its final summary of the work group's effort that the proposal to implement a totally electronic form is premature, given the status of the real estate industry, government units and other partners. The goals are excellent and focused on the future and should be pursued in smaller steps over a longer time frame.

We must continue to review and participate in the development of standards to allow the transfer and integration of data from various sources in the real estate transaction. We must keep abreast of efforts within the community to accomplish these objectives, including title, mortgage and brokerage.

Long(er) Term

We must view and review the real estate transaction as integrated. That means that data from listing to closing to recording to inquiry will all be integrated in some fashion. This is currently a "hot issue" within the real estate industry as both product and service. IMHO it is a product in

More . . .

(page 2)

search of a market, but will come to be a tie-in for all the participants in a transaction, including government units.

The success of any and all of these efforts is tied to each effort becoming a business practice with the individual constituencies.

DOR can act as a warehouse for RETR data, performing analysis or other data manipulations. Perhaps as a zero based budget activity or as out-sourced to a partner. Define entities and services, parameters of use, etc. What of a consumer interface? Dovetail efforts with LIS programs?

Test various interfaces with partners. ROD to DOR, Realtors to ROD, etc.

Keep future in mind as scanning and analysis projects are expanded and refined. What systems will ultimately replace the current ones and can we prepare for those transitions?