

Lein Satisfaction eRecording Solution

North Carolina Housing Finance Agency

Management Innovation: Technology

HFA Staff Contact

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Background

In early 2020, the Agency knew there would be a rise in the requests for single-family loan lien satisfactions due to a large volume of our Hardest Hit Fund (HHF) program loans reaching their maturity date by Spring 2021. The Agency's servicing department was using a manual process for tracking and performing lien satisfactions across its entire program portfolio and were leveraging one full-time employee (FTE) to manage the process. Due to the pending rise in volume, servicing team leadership was considering outsourcing the process to a third-party vendor. However, their first choice was to keep the process in-house and request IT's assistance in finding an automated solution.

The challenge was to accurately create, process and track hundreds of additional lien satisfaction documents each month without increasing the number of FTEs required to perform the work. Prior to taking on this initiative, the Agency's legal team had been inquiring how the Agency could implement eSignatures, eClosings and eRecordings. This business innovation provided the Agency the opportunity to implement eRecordings.

Solution

IT worked with the servicing team to brainstorm options to satisfy those requirements, creating a statement of work (SOW) that outlined an enterprise level solution for lien satisfactions including all Agency single-family and multi-family loans. The solution would utilize existing line-of-business and servicing systems, a new business system specifically built for the lien satisfaction process (Lien Satisfaction System) and integration with a third-party Software as a Service (SaaS) system for eRecording across 76 of North Carolina's 100 counties.

A return on investment (ROI) analysis was performed and demonstrated long-term cost savings with the proposed solution. Agency leadership and its IT Steering Committee (called TechVision) agreed to move forward with the solution based on the cost benefit, process transparency, process re-engineering to include quality assurance checks (reduction in error), automated document generation, improved data integrity, instant eRecording and overall process time savings.

Since only 76 of the 100 counties in North Carolina have implemented eRecording, the new solution included a manual (US mail) filing and recording process that would cover the other 24 counties. Although the mailings would still be manual, the processing, status tracking and generation of the lien satisfaction documentation would be included in the automated process.

The Agency chose CSC's ePrepare eRecording platform (<https://www.erecording.com/erecording-solutions/erecording-for-document-submitters/>) after a 30 day trial period that included an assessment of ePrepare's ease-of-use, core features and Application Programming Interface (API) capabilities. Having a solution that could integrate via API calls with our new and existing in-house built business systems was critical to the overall success of the solution.

CSC's billing model for ePrepare is based on a fee per eRecording. It does not require any implementation or recurring general maintenance/subscription fees; thus, the Agency is paying for its exact volume and nothing more, an added cost savings.

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The solution was built using a combination of in-house developed software and ePrepare onboarding and configuration. The project included 4 IT FTEs along with the project's sponsor (Servicing Manager) and key Agency servicing team stakeholders and took only 5 months to develop and implement.

The ePrepare SaaS not only administers the eRecording process across the 76 counties, it also provides the document templates, processes and procedures specific to each county which are automatically updated when rules and procedures change—removing this burden from the Agency. ePrepare provides the agency with quicker turnaround times for the recording of Deed of Trust. What used to take one to three weeks is now completed in one to two days. Errors are also identified quickly and addressed in a timely fashion.

Measurable Results

Using technology to improve lien satisfaction filing has streamlined the process and reduced turn-around times with the whole process taking one day on average. Satisfaction documents are created signed and notarized within the ePrepare system and then saved back to the Agency's in-house line-of-business system, eliminating the need for printing and scanning documents. The documents are then filed electronically with the appropriate Registry of Deeds to be recorded. The recording information is returned electronically in as little as two hours. The servicing system is updated with the recording information, eliminating the need for manual data entry. This has greatly reduced the mail to and from each Registry of Deeds and minimized the number of satisfaction documents that are in process at any given time. Any rejections by county are handled in a timely manner as well. If a document is rejected by the county, Agency staff are able to work on it right away, resolve it, and resubmit it to the county. This quick turn-around reduces error incidence, resolves errors quickly and keeps documents on track.

Satisfaction documents for counties that do not accept eRecordings are created using the same process. These documents are then printed from ePrepare, signed and notarized and mailed to the Registry of Deeds which satisfies our goal of serving the 24 counties that cannot yet be served electronically.

Benefits

One of the most important benefits of this innovation is that it can be replicated by other organizations to achieve measurable improvements in agency operations nationwide, and serves as an effective use of resources to achieve our strategic objectives. The time saved by staff in the creating, signing, notarizing, scanning, mailing, receiving, scanning and updating the system of record per loan far outweighs the fee charged by ePrepare. Estimated cost savings per month range from \$3,000 to \$30,000 depending on the number of documents processed each month and the assumed hourly rate of the staff involved. This time savings will enable the existing staff to absorb the expected 400% increase in the number of loans maturing. Other benefits include:

- A fast turn-around time per eRecording results in fewer lien satisfactions in-progress at a single point in time, thus less to manage daily.
- Process scales to a large number of loans satisfied. Existing staff can manage current load and will be able to absorb additional filings during peak months without adding staff required.

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- The new process enables Agency staff to focus on issues and exceptions rather than manual tracking and processing of each lien satisfaction.
- Rejections by county are handled in a timely manner. Previously, the Agency would learn about a rejection after the county sent the rejection notice to the Agency in the mail. With the ePrepare system, the rejections are known immediately and can be worked on right away.
- ePrepare always has the latest updated county templates, so the Agency does not have to manage updates and versioning of lien satisfaction document templates. The Agency provides the data and ePrepare auto generates the appropriate documents.
- ePrepare holds the relationship with each county and onboards new counties when they are ready to provide eRecording.
- ePrepare facilitates electronic notaries (eNotary), eliminating the need for a separate eNotary system.
- API integration with Agency in-house line-of-business and servicing software reduces manual data entry.
- ePrepare provides capabilities to have more than one official Agency signer and notary, so the process is not paused when the primary signer or notary is out of the office.

Conclusion

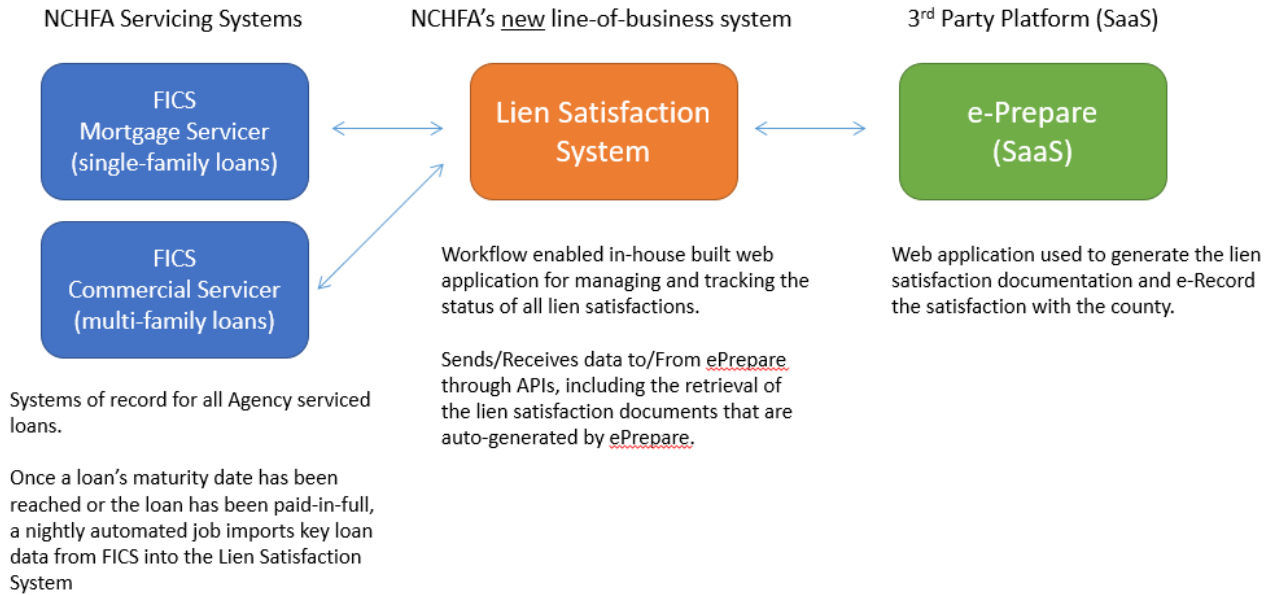
Since the inception of the new solution on February 1, 2021, 95% of the lien satisfaction documents have been filed electronically. The Agency is currently processing over 100 lien satisfactions per month and the number will continue to rise as our HHF loans continue to mature.

Due to the ease of use, reliability, precise templates and quick eRecording filing times, ePrepare has instilled confidence within the agency for eRecordings. The Agency plans on expanding the use of the ePrepare platform to including eRecordings outside of just lien satisfactions.

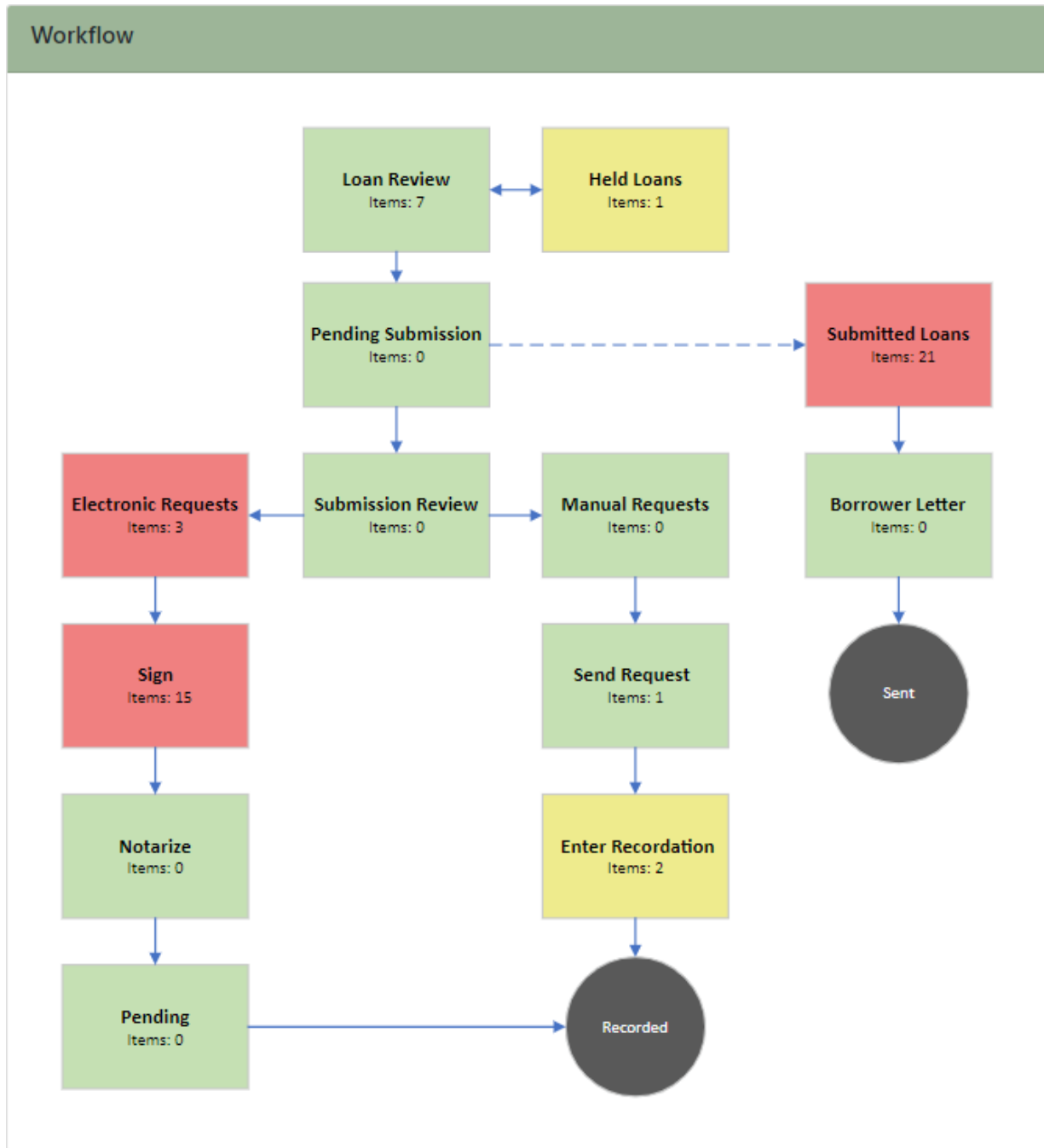
The Agency's leadership team, servicing manager, servicing team, and legal team are very happy with its new process and technology solution for managing and administering lien satisfactions.

Addendum: Concepts and screen shots of Lien Satisfaction eRecording Solution

Overview of the Lien Satisfaction e-Recording Solution



1. Homepage of the Lien Satisfaction System where an interactive workflow chart displays the current status of all lien satisfactions being processed.



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2. Screenshots of the ePrepare System

Digital Worklist

The screenshot displays the CSC ePrepare Digital Worklist interface. At the top, there is a navigation bar with 'CSC ePrepare' and 'Digital Worklist' labels. To the right, there are links for 'Notifications', 'Send Us Feedback', and a user profile for 'Shanthi Panchavati'. Below the navigation bar, there are tabs for 'WORKLIST', 'REPORTS', and 'COUNTY KNOWLEDGE'. The main interface features a search bar with 'Enter package name' and 'Enter state or county' fields, and an 'ADD PACKAGE' button. Below the search bar, there are filters for 'ELECTRONIC' and 'PAPER', along with icons for refresh, print, download, and calendar. There are also dropdown menus for 'ANY STATE' and 'ANY COUNTY', a 'DISPLAY COLUMNS' dropdown, and a search input field. The central part of the interface is a table with the following columns: PACKAGE, DOCS, JURISDICTION, MODIFIED DATE, and STATUS. The table contains six rows of data, all with a status of 'Preparing'. The bottom of the interface shows a pagination control indicating 'Page 1 of 2' and 'Showing 1-25 of 42 items'.

PACKAGE	DOCS	JURISDICTION	MODIFIED DATE	STATUS
MS-507216	1	Mecklenburg County, NC	1/27/2021 3:32 PM	Preparing
MS-502352	1	Scotland County, NC	1/26/2021 1:40 PM	Preparing
MS-527173	1	Mecklenburg County, NC	2/04/2021 3:55 PM	Preparing
MS-5535	1	Davie County, NC	2/04/2021 2:03 PM	Preparing
MS-500893	1	Alexander County, NC	1/29/2021 12:00 PM	Preparing
MS-5465	1	Catawba County, NC	1/29/2021 4:42 PM	Preparing

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Sample Satisfaction

SATISFACTION OF SECURITY INSTRUMENT

Submitted electronically by North Carolina Housing Finance Agency in compliance with North Carolina statutes governing recordable documents and the terms of the submitter agreement with the Mecklenburg County Register of Deeds.

State of North Carolina
County of Mecklenburg

The undersigned is the beneficiary of the Security Instrument identified as follows:
Type of Security Instrument: Deed of Trust

Original Grantor(s): [REDACTED]
Original Secured Party(ies): North Carolina Housing Finance Agency
Original Trustee: A. Robert Kucab

Recording Data: The Security Instrument is recorded in Book/Reel/Liber: [REDACTED] Page/Folio: [REDACTED] as Instrument No.: [REDACTED] in the office of the Register of Deeds for [REDACTED] County, North Carolina.

This Satisfaction terminates the effectiveness of the security instrument.

Date: [REDACTED]
North Carolina Housing Finance Agency

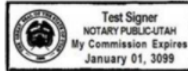
By: *NCHA TestUser*
Name: Pam Eckardt
Title: QA

STATE OF North Carolina) s.s.
COUNTY OF WAKE

On 01/27/2021, before me, Shanthi Panchavati, Notary Public, personally appeared Pam Eckardt, QA of North Carolina Housing Finance Agency, personally known to me (or proved to me the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she/he/they executed the same in her/his/their authorized capacity(ies), and that by her/his/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Not Signer
Notary Public: Shanthi Panchavati
My Commission Expires: 2015-01-10T00:00:00
AND WHEN RECORDED MAIL TO:
North Carolina Housing Finance Agency
ATTN: Robert Terrio
3508 Bush St.
Raleigh, NC 27609



RECORDING REQUESTED AND PREPARED BY:
North Carolina Housing Finance Agency
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