

IOWA LAND RECORDS

Electronic Services System (ESS) Board of Supervisors Report



Published on June 23, 2022

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ELECTRONIC SERVICES SYSTEM
8711 Windsor Parkway, Suite 2
Johnston, Iowa 50131

June 23, 2022

To: Iowa County Boards of Supervisors
From: Nancy Booten, Lee County Recorder &
Chair, ESS Coordinating Committee
Re: Annual Board of Supervisors Report

Late last year Iowa Boards of Supervisors were asked to approve an amendment to the Electronic Services System 28E agreement. This agreement provides the structure necessary for the operation of a statewide, multi-county system for filing and accessing documents which are recorded by Iowa county recorders. On behalf of the Electronic Services System and Iowa county recorders, thank you for taking that action. I also wish to express appreciation to Barry Anderson, Clay County, and ISAC Executive Director Bill Peterson for their input and assistance with the preparation of the amendment.

One of the provisions of the amendment is that an annual report will be presented to the Board of Supervisors in each member county. I am pleased to submit this first annual report to you. The following topics are addressed in this report.

- A 28E amendment process recap
- How to stay informed about ESS activities
- The results of an Iowa Land Records customer satisfaction survey
- An overview of Electronic Services System (ESS) financial reports
- An update on an ESS initiative to streamline Groundwater Hazard statement processing
- A summary of legislation about Smart Contracts and real estate transactions
- A brief review of plans for improving the Iowa Land Records website
- The report showing county E-Submission activity in 2021
- A review of key ESS operational policies

I hope you find this report informative. If you have any questions or comments, please contact me. If you need support with the Iowa Land Records website, contact the ILR team at support@clris.com or 1(888) 790-2246.

Best regards and have a great summer!

28E Amendment Process Complete

Legislation to authorize ESS to amend the 28E agreement HF 527 was approved during the 2021 legislative session. In October of 2021 Boards of Supervisors across the state were asked to approve an amendment to the 28E agreement for the Electronic Service System (ESS). The 28E agreement governs the county land record information system – better known as “Iowa Land Records.”

Final votes were tabulated in December of 2021 with the assistance of ESS legal counsel at the Brick Gentry law firm. At the time of the final tabulation, 98 signed amendments had been received making the vote unanimous among the counties which were official members of ESS. The amendment was filed with the Secretary of State on December 16, 2021. You can search and retrieve the filing on the SOS website in the 28E database. The filing number is M514302.

Each of the 98 agreements were then submitted electronically by the Iowa Land Records team to each individual county for recording. This completed the amendment process. The final step was to ensure that all 99 counties were officially members of the system. While a long-time and active participant, Hamilton County had never adopted that 28E agreement. That technicality was resolved on April 12, 2022, when the Hamilton County Board of Supervisors officially adopted the amended 28E agreement.

The members of the Iowa County Recorders Association, the ESS Coordinating Committee and the Iowa Land Records team wish to express thanks and appreciation to each County Board of Supervisors, the staff of the Iowa State Association of Counties, and the members of the Iowa General Assembly for their support and assistance with this process.

One of the provisions of the amended agreement is that an annual report is to be submitted to the Board of Supervisors of each member county concerning the operations of ESS. This report is the fulfillment of that requirement.

Transparency and Accountability

The submission of an annual report is just one way that ESS conducts its business in an open and transparent way. Supervisors and citizens can stay up to date on the activities of ESS and Iowa Land Records by visiting the iowalandrecords.org website, and more specifically the [Accountability in Reporting](#) page. There you can find the complete Policies and Procedures Manual, financial reports, budgets, and audits along with meeting agendas, packets, summaries, and recordings for the main ESS Committees. Interested in receiving an email notice prior to each meeting? Want a monthly e-mail with a recap of all ESS meetings? You can sign up to opt-in to these notices [here](#) (choose Stakeholder as your relationship type).

Customer Perceptions – Customer Satisfaction Survey

The Electronic Services System, Iowa Land Records, and Iowa county recorders have a strong orientation toward customer service. Training and support are ongoing activities. Numerous training videos are posted online, and there are monthly webinars for E-Submission customers. Periodic training webinars about searching for land records online are also provided. Recently, the Iowa Land Records team completed a 53 county training series to train users with the new E-Submission interface for customers.

During the fourth quarter of calendar year 2021 the Iowa Land Records team conducted an online survey of both E-Submission customers and users registered to search for records online. Participation in the survey was very strong, and we were gratified by the proportion of customers who are satisfied or very satisfied with the service they are receiving. The following is a summary of the survey results which reflect the perceptions of current customers and stakeholders.

Between November 16 and December 6 of 2021, the Iowa Land Records team collected feedback about the perceptions of the services provided by Iowa Land Records, including the E-Submission application, portal search application, and overall satisfaction with customer service from counties and Iowa Land Records support staff.

Six hundred forty-five responses were received. Of the 645 respondents, 58.45% (377) identified as current Iowa Land Records E-Submission customers and 95.35% (505) identified as current Iowa Land Records search portal users. The industry makeup of those respondents was as follows: Abstract/Title Company, 6.05% (39); Attorney, 29.92% (193); Bank, 22.48% (145); City Government, 1.86% (12); Credit Union, 2.79% (18); Federal Government, 2.48% (16); Media, 0.31% (2); Mortgage Company, 1.71% (11); Realtor, 7.13% (46); State Government, 2.79% (18); Surveyor, 5.12% (33); Other, 17.36% (112).

E-Submission Application

While 94.95% of customers responded that they are satisfied (33.61%) or very satisfied (61.34%) with Iowa Land Records E-Submission service, that leaves approximately 5.04% surveyed as feeling neutral (1.96%), dissatisfied (1.40%) or very dissatisfied (1.68%).

Among the top-ranking benefits of using the E-Submission service are speed of recording, 91.85% (327); speed of receiving the recorded/stamped document, 77.53% (276); and speed of error correction, 54.49% (194), with customer support from the Iowa Land Records staff, 38.20% (136) and customer support from the counties, 31.46% (112) following closely behind.

Those surveyed reported the primary concerns of electronic recording as rejection of documents due to image quality, 38.25% (127) and rejection of documents for other reasons, 32.83% (109), with cost of electronic recording including the service fee, 10.24% (9) and customer support from the counties, 7.83% (26) following behind. Additionally, 33.73% (112) of the respondents reported other, noting in their comments the primary concerns of using Iowa Land Records E-Submission.

While many noted they had no concerns, a few recurring comments were noted:

1. A lack of standards consistency across counties
2. An outdated interface with a need for a more user-friendly work process
3. Document rejections due to fee changes.

When asked to reflect on whether the \$3.00 per document E-Submission service fee, used to support and maintain the system, is reasonable when considering the services received with respect to electronic recording and searching for land records, 95.22% (339) respondents said yes, the \$3.00 service fee is reasonable, with only 4.78% (17) saying no it's not reasonable. (Note: to better understand this response rate, it should be noted that only e-submission customers were asked to respond to questions about the \$3.00 per document service fee.)

Portal Search Application

While 89.39% of the respondents indicated that they are satisfied (42.26%) or very satisfied (47.13%) with Iowa Land Records search portal application, that leaves approximately 10.6% surveyed as feeling neutral (5.91%), dissatisfied (2.43%) or very dissatisfied (2.26%).

Among top ranking benefits of using the portal search service are: access to documents in all 99 counties through a single website, 85.46% (488); ability to search by different criteria (name, date, location or reference number), 68.83% (393); speed of finding recently recorded documents, 67.78% (387); and ability to find older records, 62.35% (356), with customer support from the Iowa Land Records staff, 16.64% (95) and customer support from the counties, 14.71% (84) following closely behind.

Those responding reported the primary concerns of the search portal as: digitized documents don't go back far enough in some counties, 61.36% (335); not able to find all documents using the search tools, 44.14% (241); variability in data among the 99 counties, 31.68% (173); inability to search by parcel number, 26.56% (145), with inability to search by subdivision name, 11.54% (63) following behind. Only 2.75% (15) of respondents reported concerns with customer support from the county recorder and only 1.83% (10) reported concerns with customer support from the Iowa Land Records staff.

An additional 16.48% (90) of the respondents reported other, noting in their comments the primary concerns of using the Iowa Land Records search portal. While many noted they had no concerns, a few recurring comments were noted:

1. Limited number of searches or blacklisted
2. Interface is not user friendly and difficult to navigate
3. Search criteria and indexing inconsistent across counties
4. Access to older records statewide

While overall perceptions of customers and stakeholders are positive, the survey results also indicate that there is room for improvement. The need to modernize the system and the website has been known, and this knowledge provided the motivation to seek the legislation in 2021 to provide the budget flexibility for making improvements.

[Click here](#) to view survey results regarding satisfaction, top benefits and concerns for E-Submission and the Portal.

Electronic Services System (ESS) Financial Reports

The most significant financial activity occurring within the Electronic Services System and the county land record information system (a.k.a. Iowa Land Records) is the Electronic Submission service. This program enables the electronic filing of real estate and other documents for recording by Iowa county recorders. When a customer electronically submits a document for recording, they are charged for the requisite county recording fees as specified in Section 331.604, subsection 3 of the Iowa Code, and they are also charged for the service of online electronic recording as described in Section 331.605B, subsection 2. Since 2015 this fee has been set at \$3.00 per recorded document. This activity is significant, because Iowa Land Records collects both the county recording fees and the electronic recording service fee. Daily Iowa Land Records distributes tens of thousands of dollars to the 99 participating counties for deposit in the required county funds.

Revolving Income and Expenses

In calendar year 2021, the county recording fee transactions processed through the E-Submission service totaled \$32,249,445.54. Of this amount \$22,585,482.10, were real estate transfer taxes, of which an estimated \$18,689,486.00 was transferred to the State of Iowa. The balance of the transfer taxes processed through E-Submission was deposited in the county general funds.

Transfer Fees of \$5.00 per parcel, on behalf of County Auditors, were collected through the E-Submission service in the amount of \$428,375.00.

Base recording fees collected through the E-Submission service (\$7.00 for page 1, and \$5.00 for each subsequent page) totaled \$11,235,588.44 in calendar year 2021.

Changes in the economy are expected to affect recording revenue in calendar year 2022. For the period of January 1 through May 31, transfer tax revenue had declined by \$1,404,672.00, and base recording fee income had declined by \$666,549.44.

Note: income for the month of May, 2022 had not yet been reconciled at the time of this writing.

Income from these sources is considered to be “revolving” income by ESS, and the distribution of the funds from ESS to each county are considered to be “revolving” expenses. These funds simply pass through ESS accounts from the consumer to the counties and the State of Iowa.

Budgeted Income and Expenses

In calendar year 2020, demand for online services increased substantially as a result of the pandemic, and that demand was sustained in calendar year 2021. As a result, budgeted income was \$2,330,731.88 Actual budgeted expenses for the year were held below projected expenses. Actual budgeted expenses in 2021 were \$1,539,104.63. Generally, the governing board and management were uncertain about the duration of the pandemic and what would happen when things returned to “normal”. For this reason, proactive steps were taken to move net income into reserve funds with the understanding that the resources could be invested in one-time projects to improve the Iowa Land Records website and its

associated applications (E-Submission and the land records database and search engine). As a result of these conservative steps, net budgeted income for CY 2021 was \$737,627.25.

Gross budgeted income has leveled off in 2022 but has remained above 2020 levels. Through May, 2022, total budgeted income was \$1,144,670.38, and is projected to be \$2,194,000.00 by the end of the 2022 calendar year.

Total expenses for calendar year 2022 are projected to be about \$1,977,000.00. Management and the governing board have continued to take conservative steps to control expenses and to place additional funds in reserve.

The current base budget supports seven full time positions and one part time position. Reserve funds are being used to secure software development services provided by third-party technical vendors for one-time projects to make improvements to the Iowa Land Records website and core applications (E-Submission services and the land records database and search engine.)

Note: The ESS Coordinating Committee amended the budget May 2022 to adjust expected changes in revenue and expenses through the remainder of the calendar year.

Liquidity and Cash Flow

Most E-Submission customers make payment through ACH electronic funds transfers. When a document is recorded, the customer’s bank account is charged through the NACHA system. Actual payment to ESS and Iowa Land Records can be delayed for several days through this system. However, counties expect to receive the funds they are due on the next business day. For this reason, it is necessary for ESS to maintain an adequate cash balance to ensure that counties timely receive their funds.

To illustrate this, transactions were compiled for a period of 99 weeks from January 5, 2020, through November 27, 2021. During this period, distributions to Iowa counties totaled more than \$61,000,000.00, and the average weekly distribution to counties was more than \$600,000.00. In some weeks the actual distribution was much more. There were fifteen weeks in which the distribution amount exceeded \$800,000.00.

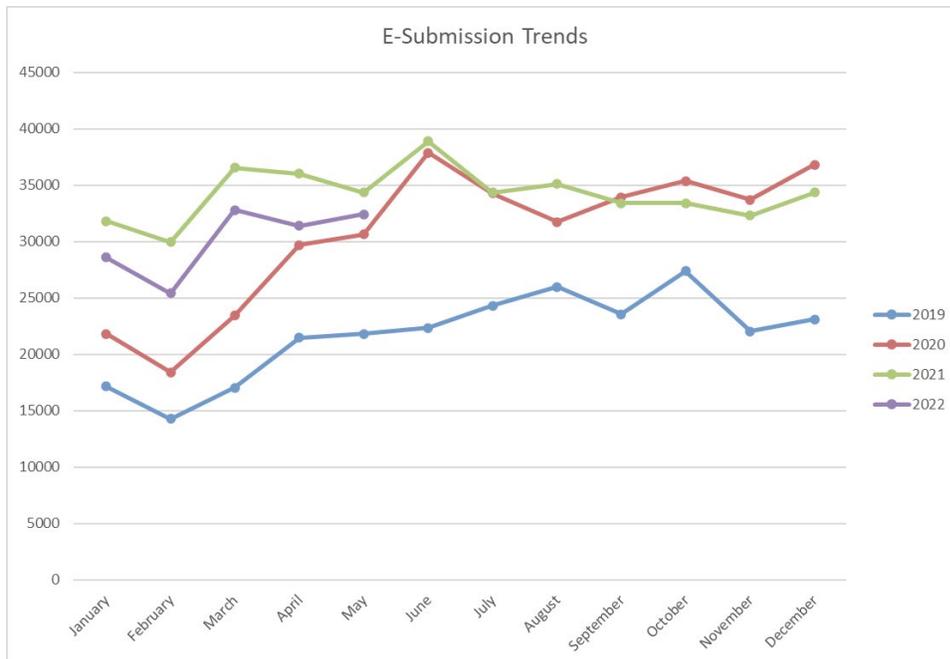
Range of Distribution Amounts	Number of Distributions	Percent of Distributions
>\$200K <=\$300K	1	1.01%
>\$300K <=\$400K	7	7.07%
>\$400K <=\$500K	13	13.13%
>\$500K <=\$600K	26	26.26%
>\$600K <=\$700K	19	19.19%
>\$700K <=\$800K	18	18.18%
>\$800K <=\$900K	11	11.11%
>\$900K <=\$1000K	3	3.03%
>\$1000K <=\$1100K	1	1.01%

Planned Reserve Expenses

In 2021 ESS and Iowa Land Records sought the support of the General Assembly to secure greater budget flexibility so that the resources being placed into the reserve accounts could be used productively. Most of the resources were placed in a Software Development and Equipment Maintenance Reserve. As of May 31, 2022, this reserve account had \$807,941.48 to reinvest in the Iowa Land Records system, and \$40,000.00 had been placed in the redaction reserve account. Both purposes were central themes in the advocacy for the legislation.

With the passage of House File 837, ESS took steps to prepare plans for the use of the software reserve funds. A competitive procurement process was conducted to identify capable local software development firms who could assist our internal development team and accelerate the velocity of changes in Iowa Land Records systems. This action would build capacity to make improvements without committing the organization to long-term ongoing expenses. Two Iowa-based firms were identified, and in the summer of 2021, they were engaged to help update core applications, improve security, and create a modern interface for submitting electronic documents for recording. The ESS Coordinating Committee authorized the allocation of up to \$450,000.00 in reserve funds for these activities. Actual expenditures for these activities totaled \$415,958.75. We are pleased to report that on December 12, 2021, a new E-Submission interface was moved into production and was implemented for the benefit of all customers. Updates to other core applications including the online payment system and the administrative application for E-Submission are now being prepared for implementation. These changes are needed to ensure that the Iowa Land Records application is operating on up-to-date and more secure technology platforms.

Looking ahead to the second half of calendar year 2022, a central focus will be a major update to the Iowa Land Records database and land records search application. At their meeting in May, 2022, the ESS Coordinating Committee authorized the use of up to \$350,000.00 from the Software Development and Equipment Maintenance Reserve for this purpose. Planning for this project is underway.



Groundwater Hazard Process: New Recording Requirements

A collaborative effort among stakeholder groups during the 2022 legislative session has resulted in the passage of legislation reforming how sellers will process Groundwater Hazard statements. The Electronic Services System and the Iowa Land Records team facilitated this effort to streamline reporting processes for the real estate industry. House File 2343 passed both the House and Senate and was recently signed by Governor Reynolds.

Essentially, House File 2343 is a “paperwork reduction act.” Under current law sellers of real estate are required to file a Groundwater Hazard statement with a Deed or other conveyance document – even if there are no reportable conditions which may be hazardous. The new law continues to require the filing of a Groundwater Hazard statement if a reportable condition is present on a property. But if there are no reportable conditions a Groundwater Hazard statement is not needed. Instead, sellers will be required to make a statement in the conveyance document itself that no reportable conditions exist.

The Iowa Department of Natural Resources will be developing updated administrative rules and changes to the Groundwater Hazard form. In the meantime, ESS is helping prepare for the implementation of the legislation on July 1. On June 9th ESS collaborated with the Department of Natural Resources to deliver a webinar providing guidance to real estate professionals.



ESS and Iowa Land Records has published other supporting materials for the benefit of real estate professionals. Visit <https://iowalandrecords.org/resources/> to review the recording and other materials.

Blockchain Technology and The Real Estate Industry

Technology is changing quickly in the real estate industry. Federal government agencies are adopting policies which require greater transparency and conformity to reporting requirements. The mortgage industry is working to improve efficiency and to improve costs. More and more organizations are originating, processing, executing, and notarizing electronic documents. Blockchain technology is being actively developed as a means for conducting business and maintaining a permanent record of business agreements. Real-life examples of real estate transactions using distributed ledger technology are occurring.

The Electronic Services System and Iowa Land Records is working to be prepared for, and where appropriate, to support these changes. ESS is a subscriber to MISMO (the Mortgage Industry Standards Maintenance Organization - an affiliate of the Mortgage Bankers Association), and an active member of the Property Records Industry Association.

In 2021 the Iowa General Assembly adopted legislation to authorize the use of distributed ledger technology and smart contracts. Some might not have fully understood the implications of this legislation, but it was apparent that real estate transactions could now be undertaken using blockchain and so called "Smart Contracts".

In 2022 ESS and Iowa Land Records collaborated with the Iowa State Bar Association and other stakeholder organizations to advance legislation to clarify a few things with respect to distributed ledger technology. The Bar sought to move the new law to a new chapter of the Code of Iowa (554E) to avoid any conflict and confusion that might occur with respect to the Uniform Electronic Transactions Act (554D). ESS and Iowa Land Records sought to ensure that any real estate transaction using distributed ledger technology would continue to give notice in the public land registry by recording the requisite documents with the county recorder.

House File 2443 was approved by the Iowa General Assembly and was recently signed into law by Governor Kim Reynolds.

In the future, a blockchain system may wish to establish a means to transmit this information for recording in an electronic format. When that day comes, The Electronic Services System and Iowa Land Records will work to facilitate that process. ESS will strive to use technology to improve the recording and archiving processes and to support technology advancements in the real estate industry wherever appropriate.

[Click here](#) for more information.

Online Records Access

In the second half of calendar year 2022, Iowa Land Records will be planning a major update to the land records search engine and application. Currently, more than 22 million public records are accessible online through the Iowa Land Records system. As a part of this process, stakeholders and policymakers will be asked to provide input and to consider associated policy changes that will help define the next generation of land record services in Iowa. The following topics are expected to be addressed in this planning process.

- The website and user interface for searching and retrieving land records
- Methods for improving the transfer of data to Iowa Land Records
- Options for restructuring the search engine algorithm(s)
- Options for normalizing data from the 99 Iowa counties (in the ILR database)
- Enhancements to security
- User access and management and the website Terms of Use
- Options for integrating with other land record information systems

ESS and Iowa Land Records welcome the participation of Boards of Supervisors and other county officials in this planning process. If you have an idea or comment, you can start by responding to this simple survey [here](#).

E-Submission Ratio Table & Cost Share Explanation

In 2015 the ESS Coordinating Committee established the County Project Assessment Cost Sharing Program which is codified in Chapter 9 of the ESS Policies and Procedures. Prior to the creation of the program, counties were fully responsible for the cost of annual maintenance agreements with their local land records management system vendors. As E-Submission grew, it was proposed that a portion of the net income from E-Submission be used to help pay for these maintenance costs. The program was also intended to provide an incentive for counties to promote electronic filing. Since the inception of the program, the amount of cost sharing with each county has been tied to the ratio of E-Submission documents to the total number of documents recorded by a county in the previous calendar year. Counties with E-Submission ratios higher than the state average received more, and counties with E-Submission ratios lower than the state average received less. In calendar year 2019 an exception was made to the cost sharing formula such that no county would receive less than in the prior year. This policy was continued in 2020, 2021 and 2022.

The calculations for 2022 were based on the formula used in prior years – adjusted to ensure that no county received a credit less than was granted in the prior year. The results are displayed in the attached tables. The amount budgeted for the program in calendar year 2022 was \$165,000.00, an increase of \$15,000 when compared with the amount budgeted in 2021. Eighty-two counties received an increased credit for 2022 due to the increase in the budget or higher E-Submission activity.

Note: If all counties had a ratio of E-Submissions equal to the state average, each county would have received a credit of \$1,666.66.

[Click here](#) to review the 2021 E-Submission Ratio Table

[Click here](#) to review the 2022 Maintenance Fee Distribution by County

ESS Key Metrics and Policies

The Electronic Services System and Iowa Land Records is a collaborative activity among Iowa's 99 counties. The Iowa Land Records (ILR) website is the hub connecting all of the counties and county recorder offices. ILR is connected to the local land records management systems and their respective service providers (Tyler Eagle, Solutions/Harris, Cott, Fidar, DEVNET, Avenu Insights, and a few imaging systems such as Imagetek). ESS and ILR have a support agreement with each of these service providers to facilitate the exchange of data between systems.

The essence of the relationship between counties, county recorders, the technical service providers for each county, and ESS and ILR is the following.

- Counties, county recorders and their service providers transfer data to ESS and ILR so that it can be presented through a single, one-stop website. Through collaborative action, counties provide a statewide service that would otherwise not be possible.
- ESS and Iowa Land Records provide a single, one-stop system for reviewing electronic documents submitted for recording, and when approved the system presented the electronic

document for archiving in the local land records management system. But for ESS and ILR, counties would otherwise be expected to integrate with multiple outside e-recording vendors.

- ESS is a “utility” that serves both counties and the private real estate industry, and it provides a common platform for providing customer service and for promoting best practices

ESS and Iowa Land Records is a model of representative self-governance, and the policies which govern the system are determined by the ESS Coordinating Committee. The Coordinating Committee is representative of all counties, large and small. As noted previously, the ESS Policies and Procedures are published [here](#). When policies are adopted or amended, this document is updated.

There are many policies relating to the operation of the ESS and Iowa Land Records system. Here are a few essential policies adopted by recorders and the ESS Coordinating Committee that may be of interest.

1. All county electronic documents, if included within the scope document types to be posted on the Iowa Land Records website, must be transferred to Iowa Land Records
2. Recently recorded documents should be transferred not later than 3 business days after the time of recording
3. Older records, such as recently scanned copies of documents recorded in prior years, should be transferred “as soon as practicable”.
4. Electronic documents should, generally, be transferred in an “original unaltered form”.
5. Electronic documents submitted through the Iowa Land Records E-Submission service should be processed within “one business day”.
6. Electronic documents submitted through the Iowa Land Records E-Submission service should be processed “throughout the business day”.
7. Redaction of personally identifiable information (PII) should not be performed locally; redaction of PII is provided as a service to each county by ESS and Iowa Land Records at no cost.

The review and development of ESS Policies and Procedures is an ongoing process. ESS policies issues are considered by the ESS Standards Subcommittee, and subject to final approval by the full ESS Coordinating Committee.