

2015 Achievement Awards Virginia Association of Counties

APPLICATION FORM

All applications must include the following information. Separate applications must be submitted for each eligible program. **Deadline: June 1, 2015.** Please include this application form with electronic entry.

PROGRAM INFORMATION

Locality: Loudoun County
Program Title: Electronic Commerce
Program Category: Information Technology

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Virginia Association of Counties

2015 Achievement Awards

Locality/Department: Loudoun County Clerk of the Circuit Court
Program Title: Electronic Commerce

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Program Title: Electronic Commerce – E-Recording of Deeds and Land Records**Overview of the Program**

With the rapid growth in residential and commercial development in Loudoun County, Virginia, the volume of deed and land records transactions filed with the Clerk of the Circuit Court rapidly increased in correlation with the real estate development. The requirement to physically visit the local courthouse to record paper deed documents created unnecessary traffic on already congested roads, generated crowding in public areas of the courts complex and resulted in significant inefficiencies in the delivery of client services in the clerk's office. The processes resulting from a predominantly paper-based operation presented numerous challenges to maintain efficiency in the receipt and processing of deeds and land records. The clerk of the circuit court decided to explore an online technology solution to achieve the statutory requirements for presenting legal documents for filing and recording while reducing the volume of personal visits to the local courthouse.

The Clerk of the Circuit Court implemented an Electronic Recording system that permitted clients to submit deed documents and land records documents in electronic format. Despite increasing volume of transactions that would normally require the allocation of more personnel and operational resources at taxpayer expense, the clerk's office plans to leverage the utilization and expansion of the E-Recording system against the increasing workload demands related to deed recording. The electronic recording system not only avoids any personal appearance at the courthouse but it also permits the submitter to rapidly make necessary legal modifications and resubmit the modified legal document.

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As of March 15, 2015, forty-two percent (42%) of all deeds and land records were being submitted electronically. The E-Recording program has provided a mutually beneficial outcome for all parties involved but most importantly, E-Recording has provided outstanding results for all citizens in Loudoun County. By allowing business professionals to complete deed recording business from their office, the clerk of the circuit court is helping to keep some cars off of the highways in Northern Virginia. This is good news for those residents in Northern Virginia who do need to drive back and forth to their jobs in the region.

Program Summary:

The Office of the Clerk of the Circuit Court was faced with numerous challenges maintaining a paper-intensive filing process and records management processes in a fast-growing jurisdiction. Clients and citizens were required to make personal appearances in the County Courts Complex to conduct business with the clerk's office in person. Frequent personal appearances created more traffic congestion and presented parking issues in downtown Leesburg. The processes related to managing paper legal documents created significant inefficiencies and required more personnel to properly and effectively manage the paper-based processes.

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The Office of the Clerk of the Circuit Court implemented an electronic commerce program that permitted clients to submit deed and land records legal documents electronically. The electronic submission of these legal documents has allowed the clerk's office to operate more efficiently resulting in fewer employees needed to process the high volume of deed and land records documents. Most importantly, the business people who are required to submit legal documents to filing can submit these legal documents remotely with online technologies, referred to as E-Recording. The E-Recording program has gained momentum in popularity, as 42% of all legal documents are being submitted electronically.

The E-Recording system allows clients to conduct business from remote locations so personal appearances are no longer required at the local courthouse. The E-Recording system contributes to the reduction of vehicular traffic on Northern Virginia roads. Given the frequent traffic issues in Northern Virginia, the E-Recording program is beneficial to all citizens, not just those who submit legal documents with the clerk's office. Clients who do come to the clerk's office are no longer faced with large groups of visitors who used to visit the local courthouse to submit legal documents in person. The Clerk of the Circuit Court is hopeful that more and more clients will use this online technology so the percentage of electronically submitted documents increases each year. As the volume of electronic recordings increases, the clerk's office will be positioned to implement more efficiencies and improved allocation of resources to handle caseload and workload trends within the clerk's office.

Program Title: Electronic Commerce – E-Recording of Deeds and Land Records**Problem or Issue in Loudoun County**

In Virginia, the clerk of the circuit court is the government agency responsible for accepting deeds and land records for legal recordation of documents that impact the ownership of real property in a county or city. With the rapid growth in residential and commercial development in Loudoun County, Virginia, the volume of deed and land records transactions filed with the Clerk of the Circuit Court rapidly increased in correlation with the real estate development. The increased volume of deed and land records transactions resulted in a tremendous increase in the number of visitors to the local courthouse as title companies, attorneys and other professionals involved in the real estate industry or the real estate settlement business were required to present paper legal documents for deed recording. The requirement to physically visit the local courthouse resulted in unnecessary traffic on already congested roadways, significant parking issues in the county seat of Leesburg, extensive crowding in public areas of the courts complex and significant inefficiencies in the delivery of client services in the clerk's office.

The business professionals engaged in the business of filing or recording deeds, mortgages and other land records frequently travel to several courthouses in Northern Virginia to transact deed business in various jurisdictions which creates additional traffic congestion issues. With limited downtown public parking, the additional vehicular trips to downtown Leesburg presented significant parking issues on residential streets. The courts complex facility lacked sufficient office space to properly and effectively accommodate the frequent and regular flow of

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clients visiting the deed recording division of the clerk's office along with attorneys and litigants who attend court proceedings in the building. The processes resulting from a predominantly paper-based operation presented numerous challenges to maintain efficiency in the receipt and processing of deeds and land records.

The clerk of the circuit court decided to explore a technology solution to achieve the statutory requirements for presenting legal documents for filing and recording while reducing the volume of personal visits to the local courthouse.

Description of the E-Recording Program

In Virginia, the clerk of the circuit court is the local government representative responsible for the acceptance of all legal documents that provide the public of the evidence related to the sale, transfer, conveyance and/or legal condition of real property in a county or city. These documents include deeds of sale, mortgages or deeds of trust, certificates of satisfaction of mortgage, plats, deeds of subdivision, mechanic's liens, notices, court orders, affidavits, modifications or assignments of trust, easements and many other legal land records. The clerk is required by law to assess the applicable taxes and fees for each legal document that is submitted for legal recordation to the clerk. These taxes and fees provide significant revenues for the state and the counties. Once legally admitted for recordation, the clerk is responsible for capturing critical data from the legal documents and providing a database for the public to search

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by names of the parties involved in the legal transaction. The final stage of the recordation process involves public access to the land records. Most clerks of court in Virginia have successfully converted traditional paper land records to digital images. In 2003, the clerk of the circuit court in Loudoun County had successfully converted numerous paper and microfilmed land records to digital images which allowed business professionals engaged in the research of land records to have subscription access to the online records. The benefit of providing remote or online access to the public land records is that these professionals can research land records from their offices and they are not required to travel to the local courthouse to conduct this research. However, these professionals were still required to make several and frequent journeys to the local courthouses to simply file or record deeds or other land records with the local clerk of the circuit court.

Traditionally, title companies, settlement companies, law firms, banks, mortgage companies and other firms have traveled to numerous courthouses in multiple jurisdictions to appear in person in these courthouses to present deeds and land records for recordation and payment of taxes and fees. Given the considerable inefficiencies associated with travel to numerous courthouses for clients of the clerk's office and the inefficiencies resulting from the processing of paper legal documents in the clerk's office, the clerk decided to explore the use of remote, online technologies to improve the deed recordation process and develop more efficient ways to accept legal deed records consistent with state law.

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Starting in January of 2011, the Clerk of the Circuit Court reviewed the statutory requirements for admitting legal documents such as deeds, mortgages, release of mortgages, deeds of subdivision and other numerous land records to determine whether clients could electronically submit legal documents. In some cases, the clerk worked with the statewide association of clerks, the Virginia Supreme Court and legislators to revise laws related to the recordation of deeds to permit the use of electronic or online technologies for deed recordation. To ensure this new technology would provide affirmation of statutory compliance, effectiveness, accuracy, financial integrity and validity of document retention, the clerk commenced a pilot project in January 2012.

Working extensively with the clerk's land records system contractor, an electronic recording system was developed for local clients. Before launching the new electronic recording (E-Recording) system for all local clients to use, the clerk initiated a small pilot project with ten (10) several local title companies or law firms to test an electronic recording system. Participation was limited to 10 participants to confirm the effectiveness of this new program. After several months of testing the system and confirming compliance with all applicable state laws, the clerk expanded the electronic recording system by offering electronic commerce with various title companies, mortgage companies, banks, law firms and other firms that are required to prepare and submit land records for legal recordation. To market the availability of this valuable service, the clerk developed a partnership with several companies that provide E-Commerce solutions.

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The benefit of this partnership allowed the clerk to integrate the E-Commerce systems provided by these companies at no charge to local taxpayers as no local tax dollars were used to finance the development and integration of these systems. State law allows a clerk of circuit court to assess a \$5 convenience fee per transaction for any client who submits deeds and other land records electronically. Instead of collecting the \$5 fee from each submitter, the clerk crafted an agreement with the E-Commerce vendors which allows the firms to collect the \$5 per transaction fee. The partnership with these E-Commerce vendors enables the clerk to promote the E-Recording service without incurring any marketing and promotional costs as the firms provide all promotional and marketing services at no charge.

At the conclusion of the E-Recording pilot project in 2012, less than 1% of all deeds and land records were submitted electronically with the clerk's office. In early 2013, as the Clerk expanded this service and offered the E-Recording service to all title companies and other business. As a result, the number of participating companies increased considerably and 13% of all deed and land records legal documents were being submitted electronically. By the end of 2013, 22% of all deed and land records legal documents were being submitted electronically. By September 2014, 38% of all deed and land records legal documents were being submitted electronically. As of March 15, 2015, the number of deeds and land records being submitted electronically increased to 42%. This program has increased in popularity among the deed recording clients who do regular business with the clerk of the circuit court. By developing

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partnerships with several E-Commerce vendors, the clerk's office has been able to expand the number of participating companies. The clerk is hopeful that as more and more firms embrace the convenience of the E-Recording system, the office will continue to see the number of electronically submitted deeds and land records increase to 90% or higher. As the program expands and more documents are submitted electronically, the clerk's office will be able to do business more efficiently. While the volume of deed recordings rise with the population of Loudoun's residents increasing, the clerk's office does not plan to invest more local tax dollars in the land records/deeds division of the office. Despite increasing volume of transactions that would normally require the allocation of more personnel and operational resources at taxpayer expense, the clerk's office plans to leverage the utilization and expansion of the E-Recording system against the increasing workload demands related to deed recording.

The E-Recording system provides the user with instant verification that a deed or land record has been legally admitted for recordation. The system allows the clerk to immediately verify all taxes and fees have been collected for the transaction. Any flaws with the electronically submitted document can be immediately identified for the submitter which permits the submitter to make instant legal modifications and re-submit the transaction. In the traditional or conventional approach related to making personal appearances in the courthouse, the submitter would typically have to take the paper legal document back to the lawyer or settlement agency to have the document modified and then return to the courthouse to submit the amended

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document. The electronic recording system not only avoids any personal appearance at the courthouse but it also permits the submitter to rapidly make necessary legal modifications and resubmit the modified legal document.

Given the traffic congestion issues in the Washington D.C. Metropolitan area and in Northern Virginia, the E-Recording system reduces the volume of traffic related to making personal appearances at the courthouse to submit deeds and land records with the clerk of the circuit court.

A short online video that provides a good narrative of the E-Recording system can be viewed at www.loudoun.gov/index.aspx?NID=3508.

Financing and Staffing E-Recording System

There were some minor personnel costs associated with this program as employees invested time in the planning, research, collaboration and communication with the E-Commerce vendors and some of the local title companies and law firms. However, no new staffing was assigned to the land records division as a result of this new technology. Operational costs were minimal as few hardware modifications were required to facilitate the E-Recording system. The operational costs included the acquisition of larger computer monitors to allow employees to have a better online view of digital deeds and land records submitted in the E-Recording system. The larger

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computer monitors reduce the eye strain for employees who are constantly reviewing digital document. The operational costs did not exceed \$5,000 and state technology grant funding was used to purchase the larger computer monitors.

In terms of system and software development for the E-Recording system, there were no costs to purchase or finance the technology system. The E-Commerce vendors have not charged the clerk's office for these technology systems because the clerk established a written agreement with the vendors that allows the vendors to assess the statutory E-recording fee of \$5. The vendors have been able to use the \$5 E-Recording fees to finance the E-Recording technology systems. This approach has provided a mutually beneficial situation for the clerk's office, for the vendors and for the business professionals who submit deeds for legal recording. The clerk has not had to spend any local tax dollars for the E-Recording technology system, the vendors use the E-recording fees to finance the maintenance and upgrades of the technology system and the business professionals who submit deeds only spend \$5 to record a deed in contrast to incurring expenses for gas, parking, postage, overnight delivery and employee time related to submitting paper deed records at the courthouse.

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Results and Success of Program

The results, benefits and successes are evident by virtue of previous discussions related to the description of the E-Recording program, the technology used and the costs of the program. As stated previously, the E-Recording program has provided a mutually beneficial outcome for all parties involved but most importantly, E-Recording has provided outstanding results for all citizens in Loudoun County.

The clerk's office has been able to realize significant business efficiencies as the increased use of electronically submitted documents reduces the number of processes or steps to complete the deed recordation process. The traditional paper method of recording deeds created more steps for government employees to complete the statutory processes for deed recording, data retention and public access to land records. The new and improved method of recording electronic deeds has reduced steps and permitted employees be more effective and efficient. With E-Recording, some of the initial data entry and data retention steps have been eliminated as the data is transmitted through the E-Recording system by the submitter. The clerk's office no longer needs to handle paper records through multiple stages of the process leading to public access. The electronic deeds are captured from the beginning of the process which permits the clerk's office to provide instant access to deed information. With the reduction of paper records, less office space is required to temporarily retain paper records and postage costs associated with returning paper records to the title company or law firm have been significantly reduced. The E-

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Recording system has reduced personnel and operational costs for the deed recording division of the clerk's office. The clerk's office can process a larger volume of deeds in a fast-growing jurisdiction in less time and with less staff. In terms of office space, there is less crowding in the public areas of the courthouse because fewer deed recording clients are required to come to the courthouse to do business.

The business professionals, such as title companies, law firms, real estate settlement agencies and other, have received tremendous benefits as they no longer have to travel to Loudoun County to complete the legal recordation of deeds and land records. These business people can spend more time serving their clients and develop more business efficiencies because they are spending less time on Northern Virginia's congested highways and roadways. These business professionals have been able to reduce, or in some cases completely eliminate, business expenses related to gas, mileage, vehicle depreciation, parking, courier fees, postage, and overnight delivery services. These businesses can more effectively and efficiently use their personnel resources.

The citizens and taxpayers in Loudoun County receive benefits from this program. The E-Recording system has provided great results for the average citizen and taxpayer in Loudoun County, even if they do not buy or sell a house and require the services of a business professional to assist them with the recording of a deed or land record. The cost savings that the clerk of the circuit court has developed, in terms of personnel and operational costs, has allowed the clerk of

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the circuit court to keep the budget for deed recording operations flat. While many government agencies may require additional local funding to keep pace with increasing workload demands, the clerk of the circuit court has not requested additional local funding. This is good news for all taxpayers in Loudoun County.

Citizens in Northern Virginia counties, cities and towns who commute on the highways in Northern Virginia benefit from this program. With the increasing volume of clients who use the E-Recording system, the number of vehicle trips to and from Loudoun County to transact deed recording business is decreasing. By allowing business professionals to complete deed recording business from their office, the clerk of the circuit court is helping to keep some cars off of the highways in Northern Virginia. This is good news for those residents in Northern Virginia who do need to drive back and forth to their jobs in the region.

General Benefits of Program

With growing local budgets related to ever-increasing demands for government services, citizens in Northern Virginia expect their local government officials to explore new ways of doing business while providing the same level of high-quality services. The E-Recording system has enabled the clerk of the circuit court in Loudoun County to provide a high quality service at a lower cost in the local budget. The E-Recording system has allowed the clerk of the circuit

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court to develop a more effective and faster deed recording service which has provided the clerk with the ability to allocate government resources in a responsible and efficient manner.

This program provided a positive outcome all parties involved including the government, the citizens, and the business community. While some programs may provide benefits to the government agency and the primary users of the program in that government agency, this program provides benefits to citizens who may never directly use the services provided by the clerk of the circuit court.

As mentioned in the beginning of this program narrative, one of the most significant issues or challenges for residents of Northern Virginia is traffic congestion. Constant and frequent traffic congestion issues affect the quality of life for residents of Northern Virginia as too much time is spent in traffic gridlock instead of spending time at work, with family or doing personal activities that people enjoy. The E-Recording system developed and implemented by the clerk of the circuit court in Loudoun County has reduced the volume and frequency of vehicular traffic in Northern Virginia. More and more business professionals are conducting deed recording business electronically by using the E-Commerce tools and services provided with the E-Recording system. As the number clients who use the E-Recording system continues to grow, fewer and fewer trips to the courthouse in Loudoun County will be required to complete deed recording business with the clerk of the circuit court.