

AGENDA

Drafting Committee on Electronic Registry for Residential Mortgage Notes
March 17-18, 2017 Drafting Committee Meeting
Bethesda, Maryland

Date: March 6, 2017

To: Drafting Committee Members and Observers, Electronic Registry for Residential Mortgage Notes

Re: Agenda for March 17-18 Drafting Committee Meeting

The primary issue for discussion at the March Drafting Committee Meeting is whether the Drafting Committee should commence drafting of a state electronic registry for residential mortgage notes at this time. The Drafting Committee will also review the latest draft of the Federal Reserve Bank of New York's National Mortgage Repository Act as time permits.

The Drafting Committee was appointed in July 2015 with the charge "to develop a framework for a uniform electronic registry for residential mortgage notes that will be national in its effect, taking into account *inter alia* the appropriate relationship between the registry and other law." So far, the Drafting Committee's efforts have focused primarily on the relationship to other law, and, in particular, the Federal Reserve Bank of New York effort to develop a national electronic mortgage note registry.

The ULC has been supportive of the New York Fed effort to develop an acceptable national mortgage note registry, with the understanding that the substantive commercial law to support the national registry will ultimately be state law through the use of a conditional preemption approach in the federal statute. A joint ALI-ULC Drafting Committee has been appointed to amend UCC Articles 1, 3 and 9 in order to provide the state substantive law to support an electronic registry for residential mortgage notes on a national basis (whether developed at the federal or state level). That Committee, which so far has focused its efforts on the New York Fed project, will hold its second meeting the weekend of March 24-25, 2017. Our Drafting Committee has provided comments to the New York Fed with regard to the various drafts of its proposed Repository Act, as has the Joint Editorial Board for Uniform Real Property Acts.

The New York Fed project continues to move forward, with its latest draft issued for commentary in January, 2017. We have been informed that the New York Fed plans to take comments on the January draft through April 1, develop a revised draft based on those comments, and then begin the process of taking the draft through the Federal Reserve Bank of New York and the Federal Reserve Board of Governors for approval and development of a plan

for presentation to Congress. It is expected that this vetting process will take time.

In agreeing to work together to see if an acceptable national mortgage note registry using a conditional preemption approach could be developed, the New York Fed and the ULC also agreed that their respective projects would continue to move forward at their own pace. Thus, the Repository Act project, while based on a conditional preemption approach, need not wait for completion of the UCC revisions to move forward; similarly, the ULC Residential Mortgage Note Registry Drafting Committee may continue its effort to develop a state law registry at its own pace. The Drafting Committee determined during its last teleconference meeting that it would like to consider whether now was the appropriate time for the Drafting Committee to commence drafting of a state electronic registry for residential mortgage notes, or whether it should continue for now on its present course.

Answering that question requires consideration of a number of factors, including the need for, and support of, an electronic residential mortgage note registry; the status of the New York Fed project; and the possible purposes, scope and structure of a state electronic residential mortgage note registry. Consideration of these issues is reflected in the Agenda which follows. In looking at the Agenda, you will note that four presentations have been scheduled on Friday to provide information on various issues related to the Drafting Committee's decision. We are very grateful to these individuals and their organizations for taking the time to share their knowledge with the Drafting Committee.

Friday, March 17, 2017

Morning:

Announcements and Introductions

Report of the Drafting Committee to Amend UCC Articles 1, 3 and 9
Ed Smith, Chair

Presentation: MERSCORP Registries (MERS System and MERS eRegistry)
Bill Beckmann, CEO, MERSCORP Holdings, Inc. (approximately 45 minutes)

Presentation: Overview of the National Mortgage Note Repository Act of 2017 (January 27, 2017 Draft)
Corinne Milliken, Federal Reserve Bank of New York (approximately 45 minutes)

Discussion: Need for an Electronic Registry for Residential Mortgage Notes;
What Purposes Should a Registry Serve?

Lunch: Noon to 1:30

Afternoon:

Presentation: Use of Distributed Database Technology in Developing a Registry
R3CEV LLC (approximately 1hour, 30 minutes)

Presentation: Developing an Interstate Compact Among the States
Eric Fish, Senior Vice President for Legal Services, Federation of State Medical Boards
(approximately 45 minutes)

Discussion: What Should be the Scope of a State Electronic Residential Mortgage Note Registry?

Discussion: How Should a State Electronic Residential Mortgage Note Registry Be Structured?

- Choice of Law Model
- Private Entity Model
- Centralized Registry Governed Jointly by the States
- Other

Saturday, March 18

Morning:

Continuation of Discussion Regarding Purposes, Scope and Structure of a State Registry;
Should the Drafting Committee Commence Drafting of a State Registry at this Time?

Lunch: Noon to 1:30

Discussion of Drafting Committee Comments on the January Draft of the National Mortgage
Note Repository Act of 2017