

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing accompanies this form.

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ARCHIVES DIVISION
SECRETARY OF STATE

Department of Consumer and Business Services, Insurance Regulation
Agency and Division

836
Administrative Rules Chapter Number

Modernization of Title Plant General Index Requirements.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

Amending OAR 836-010-0135 and OAR 836-010-0140 relating to title plant standards for title insurers.

Statutory Authority:

ORS 731

Other Authority:

Statutes Implemented:

ORS 731.438

Need for the Rule(s):

ORS 731.438 prescribes title plant requirements for title insurers. Among these requirements are that title plants maintain a general index, adequate maps, and currently posted tract or geographic indexes. OAR 836-010-0135 and OAR 836-010-0140 further specify what these indexes must contain and how they must be stored. Since the regulations were written in 1978, many technological advances have provided opportunities for title plants to improve the speed and accuracy in which they collect, index, and store information. The proposed amendments would allow title plants to take advantage of these opportunities, while maintaining accuracy for the property-buying public.

OAR 836-010-0135 requires that a title plant maintain a general index containing records of judgments, tax liens, and other matters that create a lien against relevant real property. Since the rule was written, the State of Oregon Judicial Department has made judgment records available online via the Oregon Judicial Case Information Network (OJCIN), a subscription-based, online portal. Conducting a search on OJCIN provides more accurate and up-to-date information of judgments affecting real property than relying on duplicate records stored with the title plant. The proposed amendments to OAR 836-010-0135 would allow a title plant to maintain a subscription to OJCIN and query the Oregon Judicial Department's records directly instead of requiring it maintain duplicate records.

OAR 836-010-0135 prescribes the manner in which title plants maintain tract or geographic indexes. The proposed amendments would explicitly allow title plants to store and maintain relevant documents electronically. The proposed amendments also make several technical and non-substantive changes to the text of OAR 836-010-0135 and OAR 836-010-0140.

Documents Relied Upon, and where they are available:

ORS 731.438 is available at <http://www.oregonlegislature.gov>. OAR 836-010-0135 and OAR 836-010-0140 are available at http://arcweb.sos.state.or.us/pages/rules/oars_800/oar_836/836_010.html.

Fiscal and Economic Impact:

No fiscal impact is anticipated for the Division of Financial Regulation (DFR). The proposed changes would lower compliance costs for title plants by removing the requirement to duplicate records available through OJCIN. Consumers of title insurance may see a marginal downstream reduction in cost of title insurance if insurers and title plants pass on the savings from reduced compliance costs.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

Based on available information, these proposed rules would have no financial impact on state agencies or local governments, because they create no new mandates for state or local government entities. Although DFR cannot quantify with available data, the public could see a slight economic benefit to the extent that reduced regulatory burden for title plants reduces the cost of title insurance.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:

A rule advisory committee was convened that included small business title plants and title insurance industry representatives. The committee estimated that there are about 10 title plants in the state that have 50 employees or less. The unanimous consensus of the committee was that the proposal would reduce compliance costs and have a positive economic impact for small businesses.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

The proposed rules offer new options for title plants to comply with ORS 731.438 and create no new requirements. The proposed rules have the potential to reduce recordkeeping costs for title plants.

c. Equipment, supplies, labor and increased administration required for compliance:

The proposed rules offer new options for title plants to comply with ORS 731.438 and create no new requirements.

How were small businesses involved in the development of this rule?

Members of the advisory committee consisted of small businesses and trade associations representing title insurers doing business with small businesses.

**Administrative Rule Advisory Committee consulted?: Yes
If not, why?:**

<u>10-31-2016 5:00 p.m.</u>	<u>Karen Winkel</u>	<u>karen.j.winkel@oregon.gov</u>
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address