

ELECTRONIC CONVEYANCING: JUST AROUND THE CORNER



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Buying and selling property is set to become a whole lot easier, with the unveiling of Australia's first national e-conveyancing platform, PEXA (Property Exchange Australia).

Like the ASX did for the exchange of shares, Property Exchange Australia (PEXA) removes the manual processes and paperwork associated with the exchange of property by allowing Land Registries, Financial Institutions and Practitioners to transact together, online, for the very first time.

With close to a million property transactions considered "in scope" each year, the unique PEXA platform will provide tangible time and cost efficiencies to the conveyancing industry by reducing the time spent preparing instruments, removing the need to physically attend settlement and using technology to greatly reduce the prevalence of errors and failures in land transactions.

For practitioners, this means the ability to provide savings to homebuyers through a direct reduction in disbursements and the increased efficiency of their service provision.

PEXA supports the exchange of property through the ability to

perform lodgements and property settlements online in a simple transaction. This includes new mortgages, mortgage discharges, transfer of ownership, settlements, caveats and notices in one easy to use, intuitive electronic platform.

SO HOW DOES PEXA ACTUALLY WORK?

In short, the PEXA subscriber (lawyers and conveyancers) will open an online workspace where the Registry documents and settlement schedule are created and information is shared with all parties to the transaction. Once preparation is complete and the settlement date and time is reached, PEXA will automatically lodge documents with the Land Registry, exchange loan funds and pay stamp duty and other third party beneficiaries.

There are significant time and cost savings offered by being able to complete property transactions online. Practitioners will now have more control. As dealings can be arranged online, they'll no longer rely on their phone or fax to complete a transaction and geographical constraints will no longer exist. They'll also have visibility

through each stage of the transaction and be able to see the progress of all parties, specifically the banks. This allows them to provide accurate and up-to-date advice to their client. This is a huge benefit for everyone; buying a property is serious business and the buyer wants the greatest amount of certainty possible that settlement will go ahead. PEXA provides that.

To get to this stage, a National Law was required, outlining the operating and participation requirements and regulations.

Electronic Conveyancing National Law is the absolute cornerstone of this initiative and it's passing in the host State of NSW allows us to complete the build of Australia's first truly national online property exchange. It goes without saying that the individual State Land Registries have done an incredible job in agreeing at set of Rules for the industry to abide by.

The National Law has now been passed in NSW, Queensland and Victoria with the remaining states set to follow shortly.

Under Electronic Conveyancing National Law, changes were made to how Verification of Identity (VOI) will work.

The Registrars have made quite sensible modifications to the VOI, giving the industry a workable solution. The new guidelines basically provide clarity, protection and balance of risk around what was previously a fairly interpretive aspect of identification. I know there were concerns raised around practitioners in regional areas having difficulty visually identifying someone and I'm pleased to see that has been resolved through their ability to use 3rd party agents such as Australia Post.

Another challenge in building the legal framework stemmed from the question of increased liability.

Under the Model Participation Rules, the liability position for practitioners is largely unchanged from today. In fact, we should see a decrease in risk through the electronic channel due to its higher standards of security and electronic checking.

PEXA will be delivered over two main releases with the first release scheduled for mid-2013. This release focusses on standalone transactions between the banks and the land registries. Practitioners will be invited to join the Exchange in 2014 with the launch of Release 2.

PEXA RELEASE SCHEDULE

Release	Functional Scope	Deployment Method	Target Participants	Go Live
Release 1	<ul style="list-style-type: none"> Standalone Discharge Standalone Mortgage Refinance 	Web Browser	<ul style="list-style-type: none"> Select Land Registries Select Financial Institutions 	Q2 2013
Release 2	<ul style="list-style-type: none"> Caveats Transfers Notices Settlements 	Web Browser Integrated	<ul style="list-style-type: none"> All Land Registries All Financial Institutions Solicitors/Conveyancers 	Q2 2014

BENEFITS BY STAKEHOLDER

Stakeholder Group	Primary Reasons to Convert to PEXA
Purchaser/Vendor	<ul style="list-style-type: none"> More transparent process Time saving
Banks	<ul style="list-style-type: none"> Cost savings Improved customer service Opportunity to identify fraud earlier in the mortgage process Removal of the largest demand driver for bank cheques
Lawyers/Conveyancers	<ul style="list-style-type: none"> Reduces time and cost of settlement Time savings can be used to increase productivity Greater client satisfaction
Land Registry Office	<ul style="list-style-type: none"> Current workforce would struggle to meet demand if transaction volumes increase to previous levels Time/cost saving in examining instruments
Office of State Revenue	<ul style="list-style-type: none"> Electronic platform to calculate and pay stamp duty
Intermediaries	<ul style="list-style-type: none"> Possibility to create new products to connect to PEXA

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For more information, head to www.necd.com.au