

MIDDLESEX NORTH REGISTRY OF DEEDS

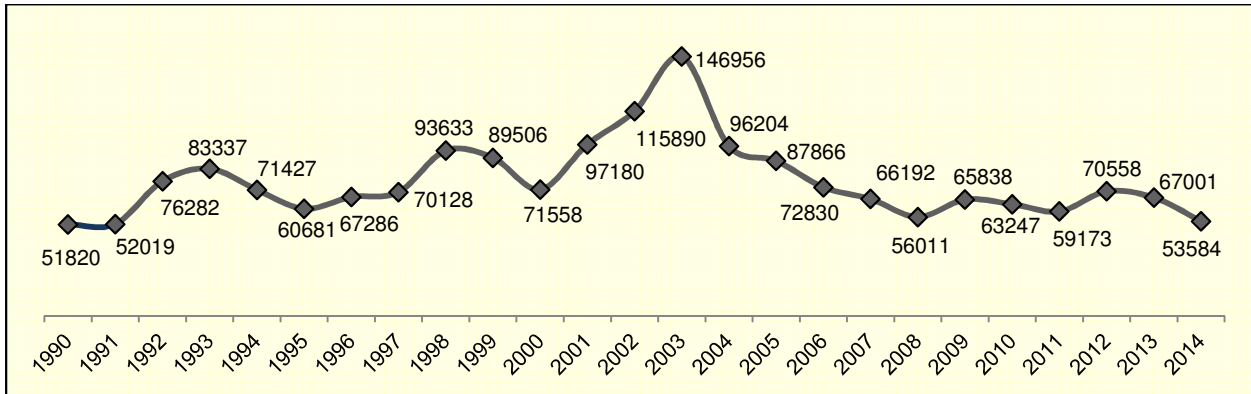
RICHARD P HOWE JR, REGISTER OF DEEDS

BILLERICA – CARLISLE – CHELMSFORD – DRACUT – DUNSTABLE – LOWELL – TEWKSBURY
TYNGSBOROUGH – WESTFORD - WILMINGTON

ANNUAL REPORT FOR 2014

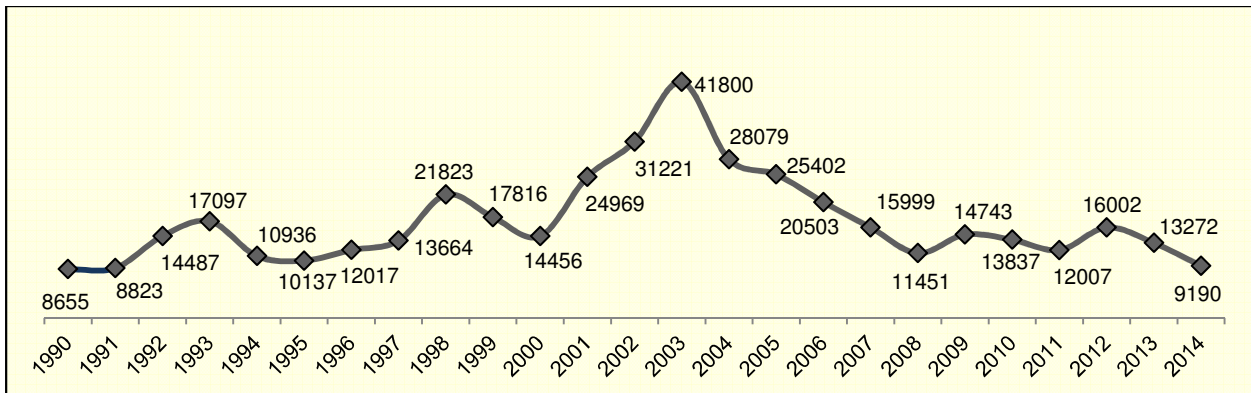
The major story at the Middlesex North Registry of Deeds in 2014 was the substantial drop in the number of documents recorded. This decline was caused primarily by an even bigger drop in the number of mortgages being recorded. This slowdown had a ripple effect on registry operations including electronic recording volume and revenue collection. Not all registry news was bad: The number of deeds recorded was stable and the median price of properties sold in the district rose slightly.

TOTAL DOCUMENTS: 1990 TO 2014



The total number of documents recorded declined 20%, from 67,001 in 2013 to 53,584 in 2014 (above chart). The number of mortgages dropped 31%, from 13,272 in 2013 to 9,190 in 2014 (below chart)

MORTGAGES: 1990 TO 2014



For more information about the contents of this report, please contact Register of Deeds Richard P. Howe Jr. at (978) 322-9000 or at richard.howe@sec.state.ma.us

MIDDLESEX NORTH BY THE NUMBERS: 1990-2014

The following table shows the number of deeds, mortgages, foreclosure deeds and total documents recorded over the past 25 years and more recent figures for electronic recordings and revenue collected.

Docs Recorded 1990 to 2014		Deeds	Mortgages	Foreclosure Deeds	E-Filed Docs	E-File %	Revenue (millions)
1990	51820	5740	8655	304			
1991	52019	5868	8823	466			
1992	76282	7321	14487	762			
1993	83337	7463	17097	701			
1994	71427	5721	10936	624			
1995	60681	7223	10137	401			
1996	67286	8057	12017	399			
1997	70128	7984	13664	322			
1998	93633	8771	21823	185			
1999	89506	8557	17816	101			
2000	71558	8254	14456	74			
2001	97180	8355	24969	44			
2002	115890	8756	31221	45			\$12.9
2003	146956	8977	41800	42			\$26.1
2004	96204	9165	28079	69			\$21.7
2005	87866	8930	25402	47	1057	1%	\$22.0
2006	72830	7236	20503	166	1871	3%	\$17.5
2007	66192	6767	15999	271	3491	5%	\$16.3
2008	56011	5568	11451	602	3956	7%	\$12.2
2009	65838	5557	14743	400	8168	12%	\$12.1
2010	63247	5535	13837	584	9013	14%	\$11.8
2011	59173	5332	12007	429	14736	30%	\$11.0
2012	70558	9158	16002	342	24210	34%	\$13.5
2013	67001	6718	13272	150	25251	38%	\$14.4
2014	53584	6561	9190	155	20306	38%	\$13.7

WHY THE DECLINE IN RECORDING VOLUME?

Every mortgage is typically part of a set of documents that might include assignments, discharges, and municipal lien certificates. Consequently, the 31% drop in the number of mortgages recorded in 2014 had a far reaching effect on overall recording numbers. The most likely cause of the mortgage decline is the large number of homeowners who are still underwater on their mortgages. This freezes these homeowners out of the refinance and sales markets and leaves them vulnerable to foreclosure if they suffer an interruption of household revenue from divorce, illness or job loss. Many of the foreclosure deeds recorded for Lowell in 2014 involved mortgages that were obtained in 2007 when housing values were at their peak. Many who bought or refinanced back then are likely still underwater today. A collateral consequence of this is that supply and demand has pushed up the price of the few houses that do go up for sale. This, in turn, drives up the value of all properties. This is good news for those sitting on big mortgages (because the value of the home might surpass the amount owed on the mortgage) but not such great news for potential buyers who must now pay more for new homes.

REVENUE COLLECTED: 2008 - 2014

Middlesex North collected \$13.7 million in revenue for the Commonwealth during 2014. While that was down from the \$14.4 million collected in 2013, it was otherwise the largest amount of revenue since the \$16.3 million collected in 2007.

Revenue comes into the registry from a number of sources including fees, taxes and surcharges. The table below shows the breakdown of total revenue among the various sources in the years 2008 through 2014. The amount of excise tax collected in 2014 was the highest annual amount in the seven years covered. This indicates a substantial increase in the value of properties being sold and is a positive indicator for the overall real estate market.

Overall Revenue: 2008-2014

Year	Rec Fees	Exc Tax	CPA	Tech	Other	Total
2014	4,094,340	8,274,438	982,810	280,860	14,032	13,646,480
2013	5,131,680	7,232,687	1,254,150	352,600	14,593	14,367,410
2012	5,323,121	6,017,127	1,345,800	378,435	18,274	13,475,328
2011	4,009,430	4,927,490	1,106,980	310,825	18,898	10,986,864
2010	5,085,580	5,109,201	1,953,360	332,160	22,086	11,752,388
2009	5,322,095	5,139,387	1,251,800	347,565	25,679	12,086,526
2008	4,480,655	6,310,086	1,068,900	296,955	35,288	12,191,884

Explanation of Revenue Sources

Title	Description
Rec Fees	Recording fees, both recorded and registered land. Most are \$50 per document with deeds \$100 and mortgages \$150
Exc Tax	Deeds excise tax assessed on all sales at a rate of \$2.28 per \$500 in purchase price
CPA	Community Preservation Act surcharge. \$20 on most documents, \$10 on municipal lien certificates, none of homesteads
Tech	Technology Surcharge for registry of deeds computer systems. \$5 per document
Other	Primarily copies printed from registry computer system, certified copies, any other revenue

REGISTRY NOTE: Since their creation in seventeenth century Massachusetts, registries of deeds have always reproduced the entire text of a document in the official land records. The technology used to do that has changed through the centuries as shown in the following table:

Middlesex North Record Book Production: 1855 to 2014							
PRINT TYPE	START YEAR	END YEAR	# OF YEARS	START BOOK	END BOOK	# OF BOOKS	# OF PAGES
Hand Written	1855	1924	69	1	702	702	421,200
Typed	1924	1949	25	703	1127	425	255,000
Microfilm Print	1949	1995	46	1128	7510	6383	2,790,500
Printed from scanner	1995	2001	6	7511	12442	4932	1,479,600
Scanned image only	2001	2014	14	12443	28741	16299	4,889,700
Total			160			28741	9,889,700

Home Values Increasing

Even though the number of deeds recorded in 2014 fell by 2%, the amount of deeds excise tax collected rose from \$7.2 million in 2013 to \$8.3 million in 2014 (see "Overall Revenue" table on previous page). Because the deeds excise tax is based on the sales price of the property, more tax from fewer deeds means an increase in the purchase price per deed. This observation is corroborated by the table below which shows the year-to-year median price of deeds recorded for properties in four communities in the Middlesex North District from 2000 to 2014. All four communities showed an increase in median price from 2013 to 2014.

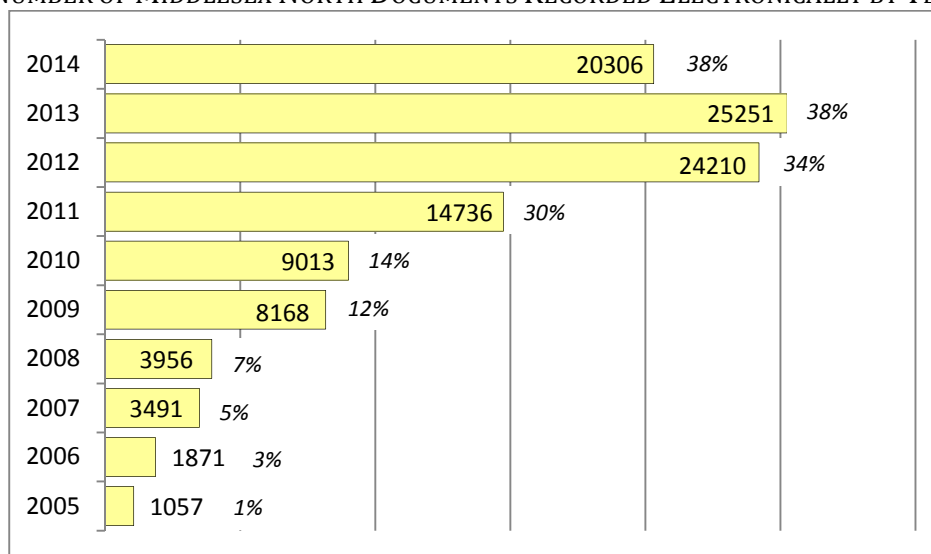
Median Price of Deeds Recorded from 2000 to 2014 For Lowell, Dracut, Tewksbury and Chelmsford						
Lowell				Dracut		
<i>Year</i>	<i>Median price</i>	<i>Chg prior yr</i>		<i>Year</i>	<i>Median price</i>	<i>Chg prior yr</i>
2000	\$140,000			2000	\$167,450	
2001	\$162,000	16%		2001	\$175,257	5%
2002	\$187,375	16%		2002	\$204,900	17%
2003	\$217,000	16%		2003	\$230,000	12%
2004	\$238,600	10%		2004	\$245,000	7%
2005	\$254,900	7%		2005	\$269,900	10%
2006	\$247,000	-3%		2006	\$260,000	-4%
2007	\$225,000	-9%		2007	\$241,000	-7%
2008	\$184,900	-18%		2008	\$275,450	14%
2009	\$178,500	-3%		2009	\$230,000	-17%
2010	\$180,000	1%		2010	\$237,000	3%
2011	\$170,000	-6%		2011	\$214,800	-9%
2012	\$175,000	3%		2012	\$226,032	5%
2013	\$195,000	11%		2013	\$239,950	6%
2014	\$208,167	7%		2014	\$245,000	2%
Change since 2000		49%		Change since 2000		46%
Tewksbury				Chelmsford		
<i>Year</i>	<i>Median price</i>	<i>Chg prior yr</i>		<i>Year</i>	<i>Median price</i>	<i>Chg prior yr</i>
2000	\$208,500			2000	\$206,500	
2001	\$230,000	10%		2001	\$235,900	14%
2002	\$269,900	17%		2002	\$272,997	16%
2003	\$289,900	7%		2003	\$295,000	8%
2004	\$329,900	14%		2004	\$314,900	7%
2005	\$345,000	5%		2005	\$325,000	3%
2006	\$325,350	-6%		2006	\$317,500	-2%
2007	\$305,000	-6%		2007	\$304,000	-4%
2008	\$310,000	2%		2008	\$280,000	-8%
2009	\$290,000	-6%		2009	\$289,000	3%
2010	\$289,000	0%		2010	\$290,000	0%
2011	\$280,000	-3%		2011	\$275,250	-5%
2012	\$275,000	-2%		2012	\$278,950	1%
2013	\$283,850	3%		2013	\$290,000	4%
2014	\$320,000	13%		2014	\$310,000	7%
Change since 2000		53%		Change since 2000		50%

ELECTRONIC RECORDING

In 2005, Middlesex North became the first registry of deeds in the Commonwealth to implement full-scale electronic recording. Since then, 19 of the other 20 registries¹ have adopted the technology. With electronic recording, authorized customers scan the documents to be recorded and transmit them to the registry through a secure internet connection. Upon receipt, registry employees review and record incoming documents with a few clicks of a mouse. A document that formerly took registry staff ten minutes to record now takes one. Fees are paid through an electronic transfer of funds from the customer's bank account to the registry's.

At Middlesex North, the number of documents recorded electronically has increased every year except for 2014. However, that decline in total electronic recordings was most likely a consequence of the decline in recording from all sources since the percentage of documents recorded electronically – 38% - remained the same in 2014 as it was in 2013.

NUMBER OF MIDDLESEX NORTH DOCUMENTS RECORDED ELECTRONICALLY BY YEAR



A closer look at the type of documents recorded electronically suggests that the numerical decline in electronic recordings in 2014 was largely due to the decline in refinancings. Of the 20,306 documents recorded electronically last year, 5260 (26%) were mortgages and 4729 (23%) were discharges. For documents recorded by all means, mortgages made up only 17% and discharges 19%. This also suggests that when the refinancing market rebounds, the percentage of documents recorded electronically will increase significantly since mortgages and mortgage discharges are more likely than most other documents to be recorded electronically.

Besides processing day-to-day electronic recordings, we are also working on two major expansions of electronic recording in 2015. The first is the ability to take in Registered Land documents electronically. Working closely with the Land Court, Middlesex North will implement an electronic "pre-approval" system for registered land that, if successful, could lead to full electronic recording of Registered Land documents.

The second initiative will allow municipalities to do paperless electronic recordings of tax takings and other municipal documents. Middlesex North is working with the city of Lowell on a pilot project for this more sophisticated type of electronic recording in which data from the city computer system will be transmitted directly to the registry computer system without ever existing on a piece of paper. Once perfected, this project will be shared with cities and towns across the Commonwealth. It has the potential to create substantial efficiencies for the local property tax collection process.

¹ The Bristol South Registry of Deeds in New Bedford has an older, custom-built computer system that must be upgraded before electronic recording is feasible.

A NEW REGISTRY OF DEEDS?

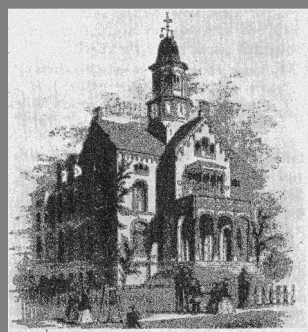


*Proposed Lowell Judicial Center in Hamilton Canal District
with new Lord Overpass in upper right*

In June we received official word that the Middlesex North Registry of Deeds will be a tenant in the new Lowell Judicial Center which is scheduled to open in 2018. (The prior plan did not include the registry in the new facility but would have it remain in the current location or to occupy leased space elsewhere). The preliminary floor plan for the Judicial Center will give the new registry a smaller space than it now has, however, the many technological innovations we have implemented through the years will allow us to operate more efficiently in this smaller space.

The proposed Judicial Center is seven stories high and contains space for the Superior, District, Probate, Juvenile and Housing Courts along with the associated offices for clerks and probation plus the Law Library, the District Attorney's office, and the Middlesex North Registry of Deeds. Although there is no firm timetable for ground breaking for this building, the site has been cleared, environmental testing has already occurred, and the plans have been approved by the intended occupants.

Lowell's Hamilton Canal District is a 14-acre parcel being developed by Trinity Financial of Boston on behalf of the city. Formerly the site of the Hamilton Mills and the Lowell Machine Shop, the developed site will include hundreds of new housing units and hundreds of thousands of square feet of commercial, retail, institutional and office space. The Commonwealth has already committed \$15 million for the reconstruction of the adjacent Lord Overpass to improve access to and from the Hamilton Canal site.



THE ORIGINAL SUPERIOR COURTHOUSE (LEFT) WAS BUILT IN 1848 AND WAS MOVED 60 FEET BACKWARDS IN 1898 TO MAKE WAY FOR THE NEW COURTHOUSE (RIGHT). THE MIDDLESEX NORTH REGISTRY OF DEEDS HAS BEEN LOCATED HERE SINCE 1855. ONCE THE REGISTRY AND THE SUPERIOR COURT MOVE INTO THE NEW JUDICIAL CENTER, THE EXISTING BUILDING WILL BE MADE AVAILABLE FOR PRIVATE OR PUBLIC REUSE.

