

Blockchain, and Smart Contracts

What Are They and Why Should I Care?

An Introduction for Mortgage Lenders and Their attorneys

56th Annual William W. Gibson, Jr. Mortgage Lending and Servicing Institute,

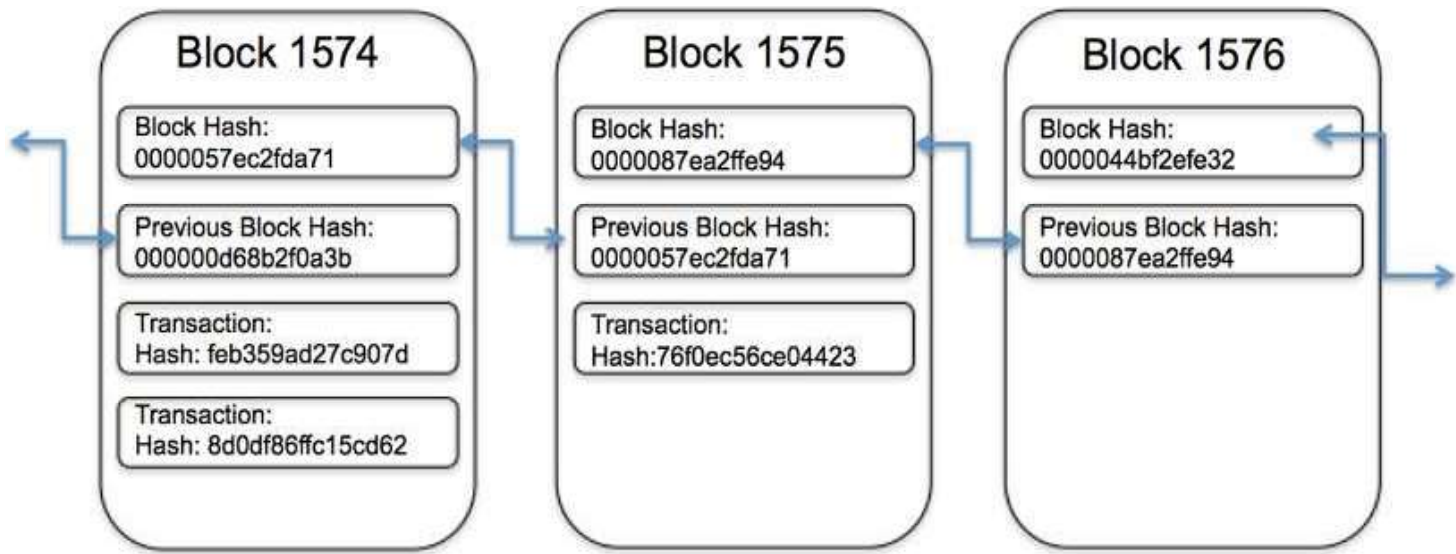
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John C Fleming, Austin Texas

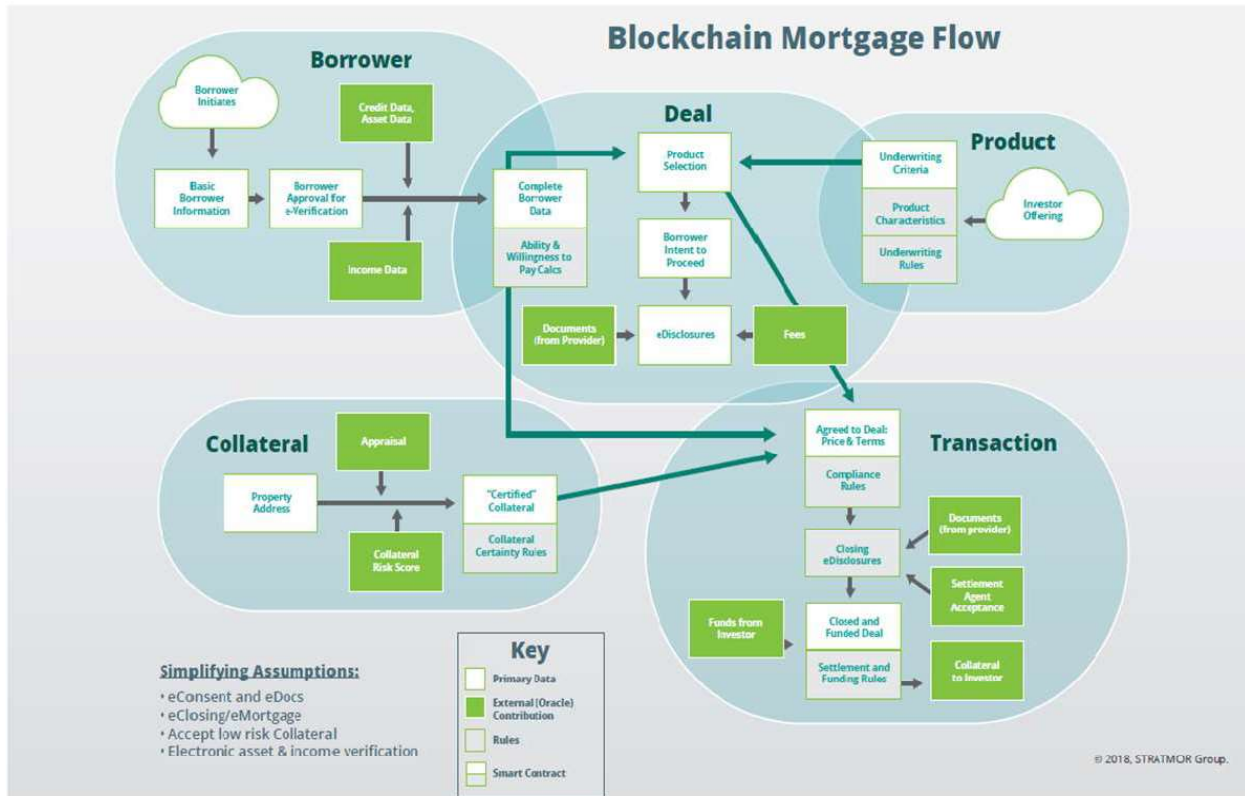
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Blockchain is a distributed ledger technology best defined as “a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. An asset can be tangible (a house, a car, cash, land) or intangible (intellectual property, patents, copyrights, branding). Virtually anything of value can be tracked and traded on a blockchain network.”

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Key Findings on Cook County Blockchain for Real Property Recording

- blockchain can eliminate the need for a paper conveyance combining the act of conveyance and the act of recordation of the conveyance into one event.
- the creation of a digital property abstract.
- use asymmetric key cryptography to protect property owners and lien holders against fraud
- Cost and other resource issues likely restrain adoption of blockchain technology at least in the near term.

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Smart Contracts

A smart contract is “a set of promises, specified in digital form, including protocols within which the parties perform on these promises.”

Szabo, Nick Smart Contracts: Building Blocks for Digital Markets. Online at <https://perma.cc/YC35-2MXQ> (the following slides on smart contracts come from this article).

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