

THE 2019 EDITION

STATE OF THE TITLE INDUSTRY

A Report by PropLogix

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WE'RE PLEASED TO BRING YOU OUR SECOND ANNUAL STATE OF THE TITLE INDUSTRY REPORT FOR 2019

Back in March, we reached out to thousands of title agents, agent attorneys, underwriters, and other real estate professionals -- you might have even received an email from me -- to ask you about your challenges, responsibilities, and outlook for the title industry. More than 400 answered our questions, and we're excited to finally share the results with you.

To those of you who took the survey, I want to thank you for your feedback! PropLogix is dedicated to helping title professionals not only grow their business with the services we provide but also serve as an educational and informational resource whether they choose to do business with us or not.

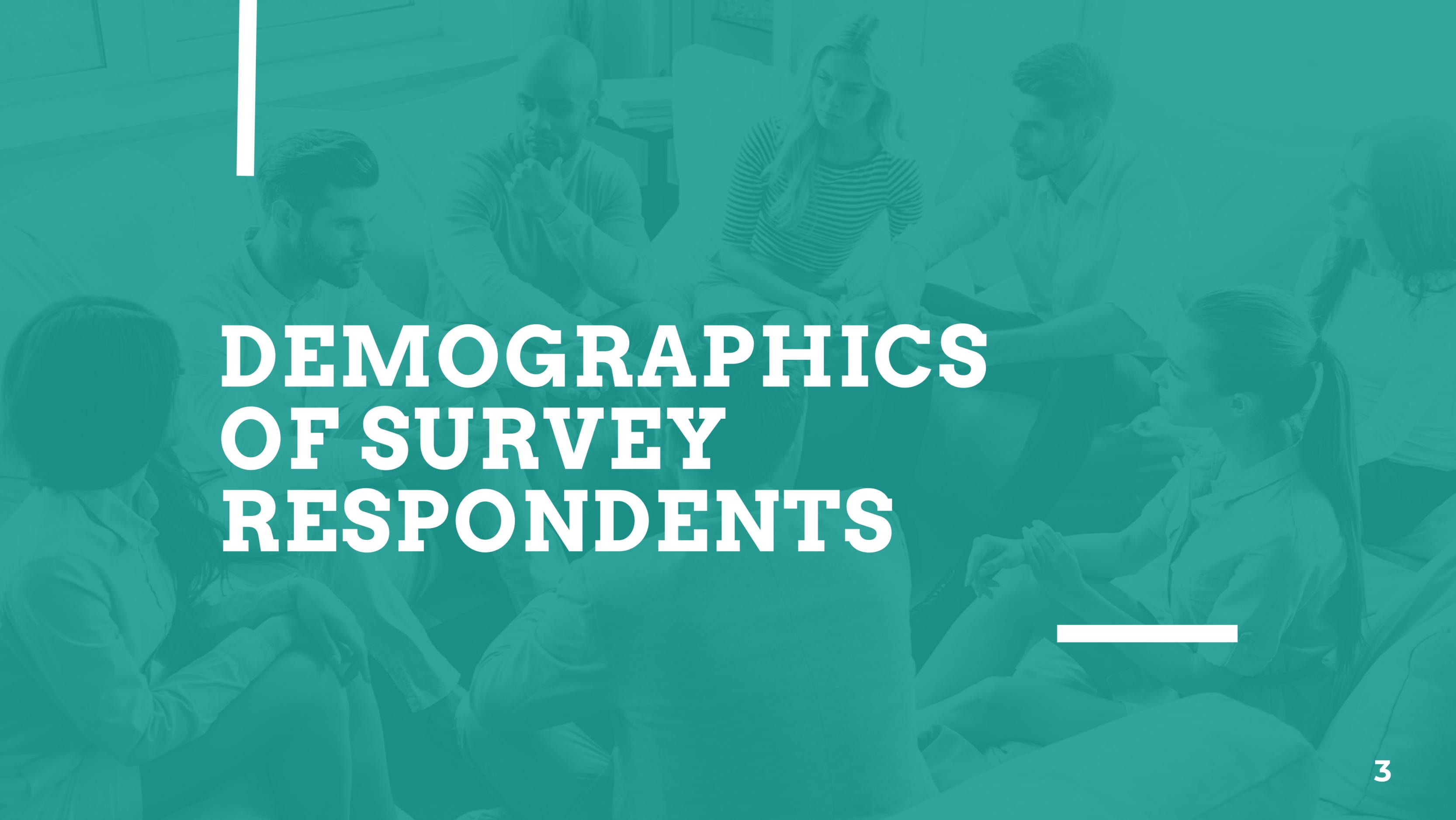
This year, in the pursuit of greater knowledge, we expanded our questions to get a clearer picture of your title production process, how you gauge your success and efficiency, and your business strategy to stay competitive in a cooling housing market. Since title premiums are tied to the value of the property being insured, we know it's a challenge for title companies and law firms of all sizes to continually output quality title clearance under stricter state and federal regulations and flat home prices.

We're excited to be part of an industry moving toward optimizing the closing process with better data standardization and digital solutions for both real estate professionals and consumers. Right now, there are some growing pains and practical concerns, but we're invested in moving the industry forward.

But before we get there... let's take a look at how things are going right now.

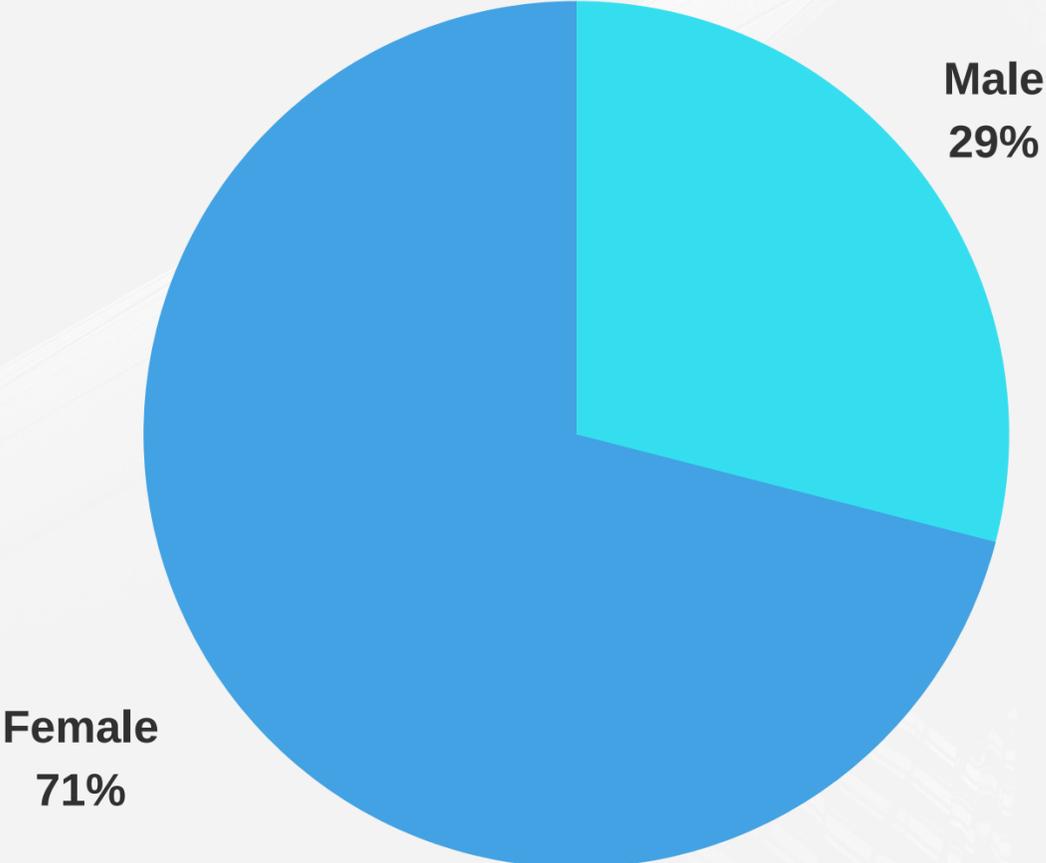


Jesse Biter, CEO

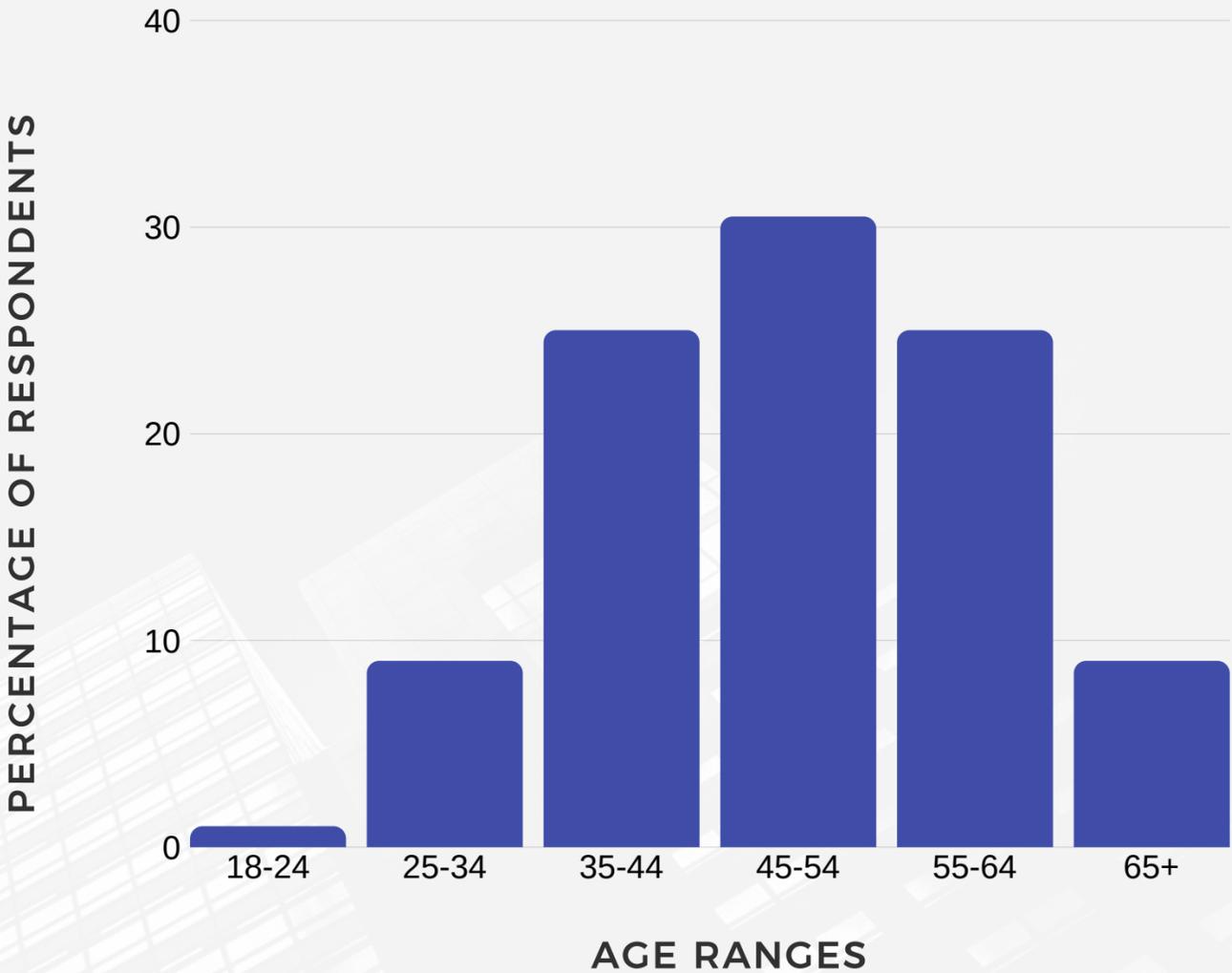


DEMOGRAPHICS OF SURVEY RESPONDENTS

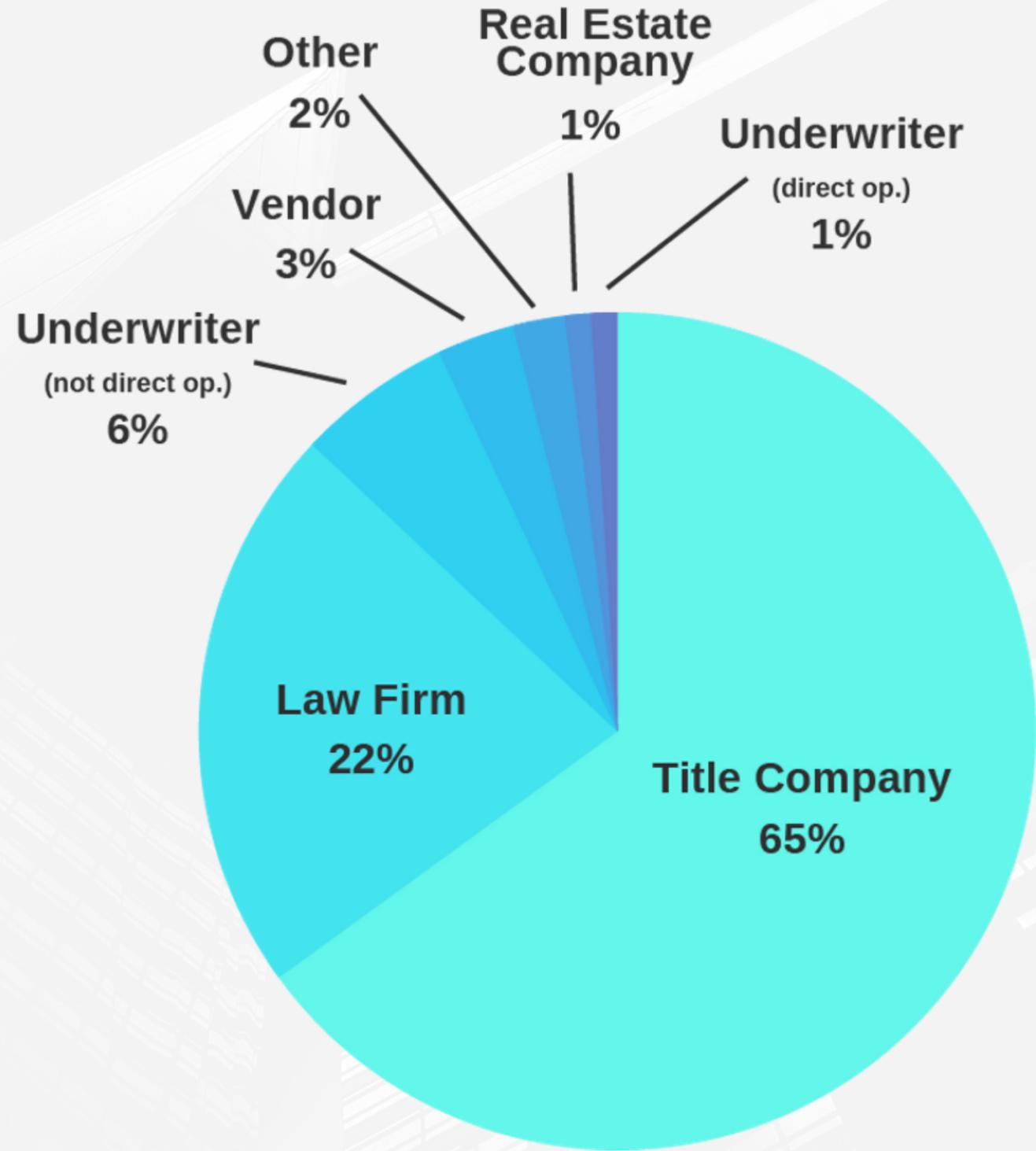
Gender



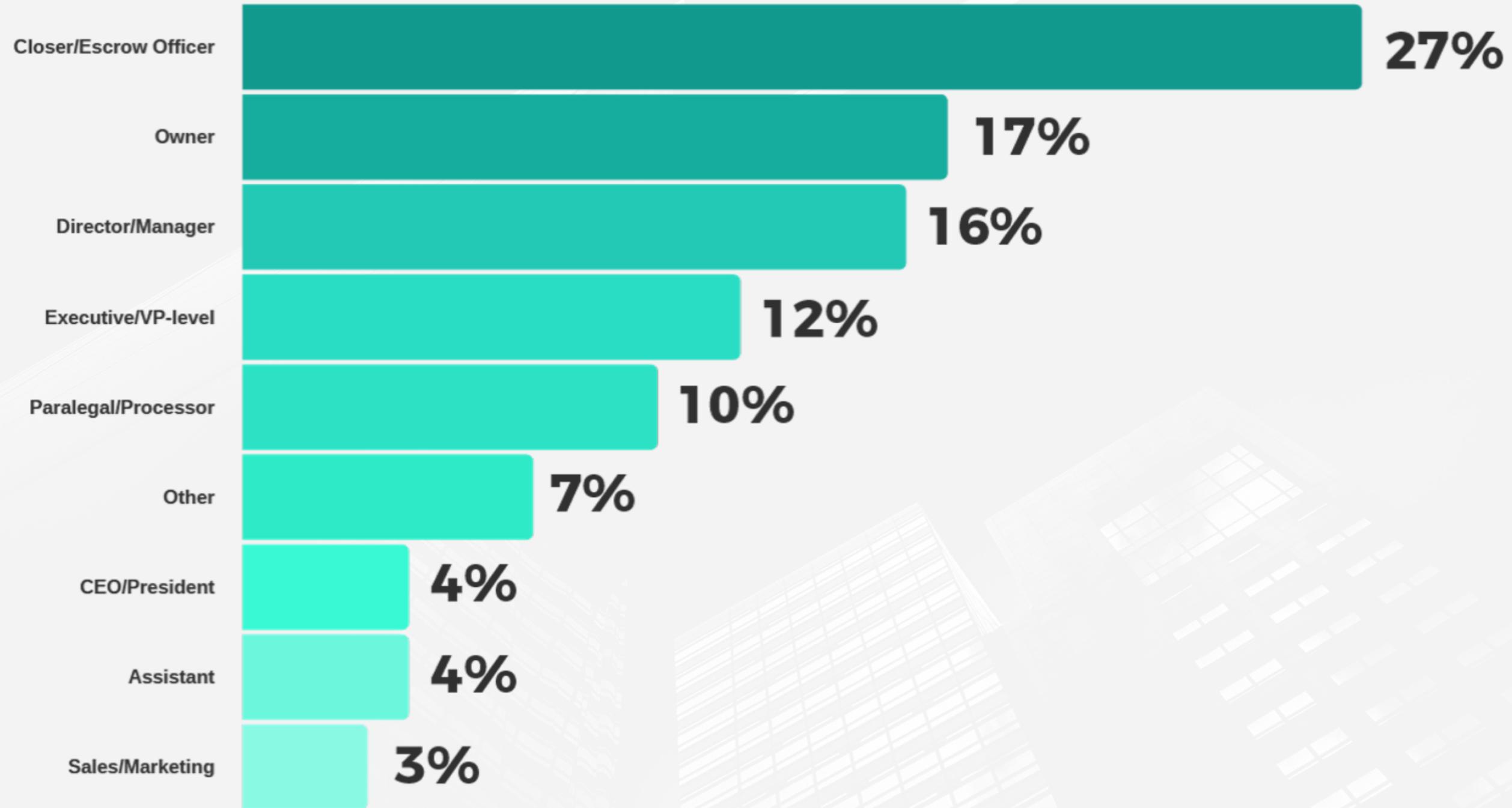
Age



What type of company do you work for?



What best describes your role?



WOMEN IN THE TITLE INDUSTRY

Most women in the industry are between the ages of 45-54.

Only 1% of female respondents had the role of CEO or President.

Sales/Marketing and assistant roles comprised the rest of the responses.

Women's Job Roles in The Title Industry



The title industry, along with many others, is seeing more women hold leadership positions among title insurance companies, state trade associations, agencies, and the American Land Title Association.

71% of our respondents are female. The majority are working for a title company (67%), followed by a real estate law firm (25%). The rest (8%) work for either an underwriter, real estate company/brokerage, or some other type of company. Here is a break down of their role in their company.

MEN IN THE TITLE INDUSTRY

11% said they are CEO or president of their company.

The most common age range of men in the industry is 45-54 at 26% of respondents followed by 55-64 at 25%.

Men's Job Roles in The Title Industry



Of the men surveyed, the overwhelming majority work for a title company or agency (62%). Law firms represented the second-most common employer at 15% and 10% worked for an underwriter (not a direct operation).

26% described their role at their company as owners, 22% are VP executives, 14% are closers or escrow officers.

THE SILVER TSUNAMI



The most common age range of all respondents is from **45-54 (26%)** followed by an age range of **55-64 (25%)**.

There has been a lot of discussion and concern in the title industry about the aging workforce. The national average age of employees is 42 years, while data from the Bureau of Labor Statistics shows workers in the title industry are nearly 46 years old on average. The expected mass retirements, leaving companies in the lurch for talent with the right skill set has been dubbed the **“Silver Tsunami.”**

While some are worried about the retirement of experienced professionals with no one to replace them, the data from Gallup shows that healthy workers don't leave their employer until beyond the age of 70.

“

“Maybe the retirement tsunami isn't our biggest challenge. Maybe our biggest challenge is ensuring we have the right talent to make us successful in the future.” - Deborah Higgins, Senior VP of HR | Title Resources Group

Age is just a number, and it's not an indication of a person's ability to adapt to a closing process that is serving a more ethnically diverse and tech-savvy consumer.

However, if title companies and law firms want to be able to shift their internal process to meet the expectations of future closings, they'll also have to **focus on recruiting more diverse and younger employees.**

Diversity is imperative in order to relate to the changing homebuying community. Additionally, having a diverse workforce brings with it more perspectives and life experiences, leading to better problem solving and more growth and disruption of the status quo.

Just as closings are becoming more mobile, so are employees. Providing options for remote and flexible work is one solution for a business to attract and retain the right talent. Business owners should find ways to leverage technology to build the right team with the best skill sets that will meet their company's objectives. Smart companies will go with the flow instead of trying to swim against the current of this change.

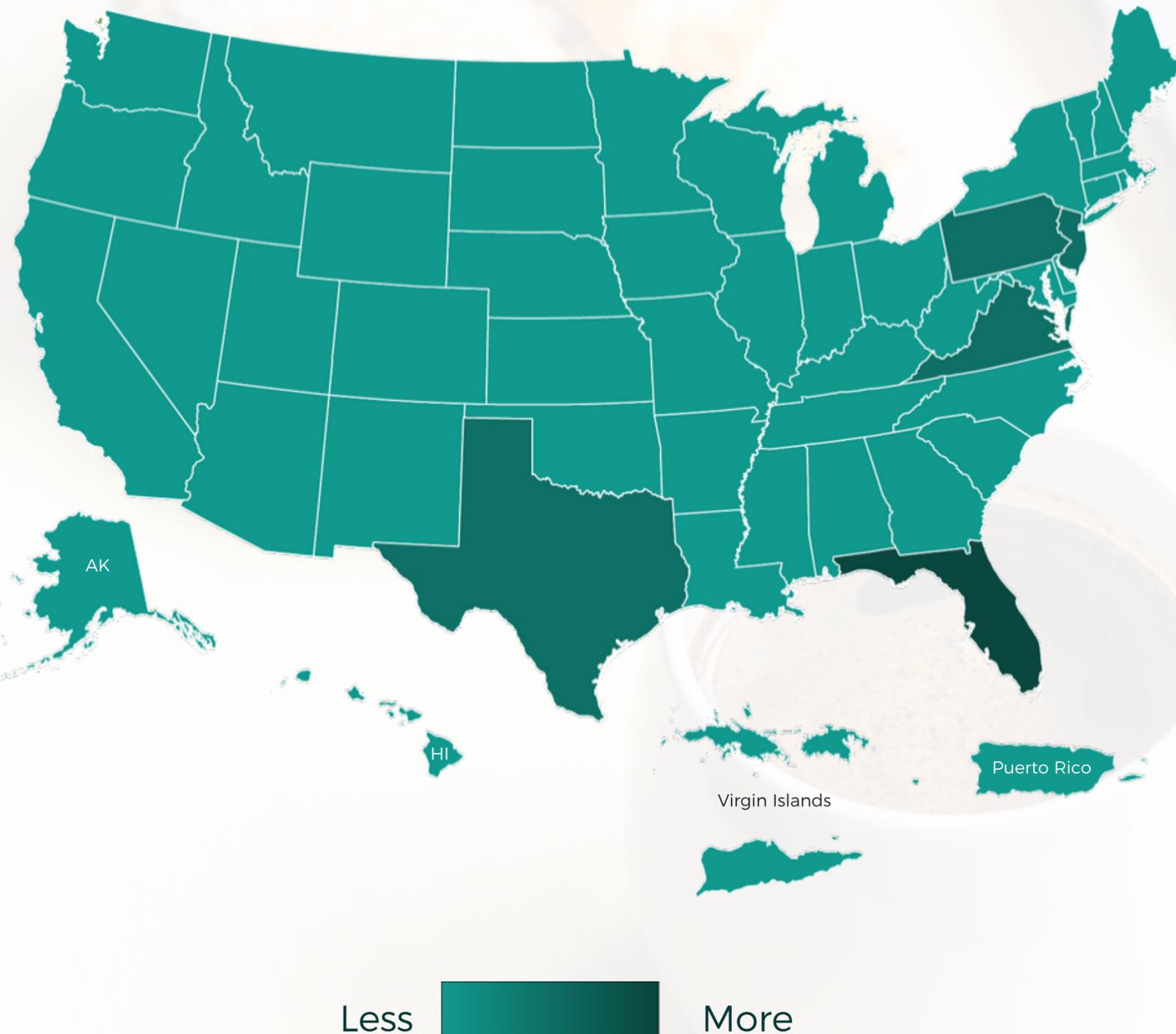
MILLENNIAL OUTREACH



WAYS TITLE COMPANIES CAN APPEAL TO A YOUNGER WORKFORCE

- Recruit college-age workers for entry-level positions
- Offer summer internships before hiring someone out of college
- Clarify your core values with job postings - most millennials want to feel like their work is meaningful
- Offer more than the usual benefits
- Consider flexibility in hours or work from home days
- Leverage project management & communications tools to make collaboration easier (Slack, Asana, etc.)
- Develop mentorship & continuing education programs

In which states do you perform closings?



Like our findings last year, the majority of our respondents close deals in **Florida**. Since we're a company based in the Sunshine State, it's not surprising that we got most of our responses from title professionals we already work with or those who may be more familiar with our company.

This year, we've received many more responses from title professionals that close deals in various states. In fact, we heard from such a variety this year that **all 50 states, as well as Puerto Rico and the Virgin Islands, are represented**. We attribute this shift to the fact that we've been able to continue to expand our services beyond Florida. We're excited to get a broader representation of title professionals and learn the intricacies of real estate transactions and closing duties throughout the country.

After Florida, the top represented states are Pennsylvania, New Jersey, Texas, and Virginia. Another thing to note is that a bigger number of respondents this year actually perform closings in more than one state. Multi-state operations add to the already overwhelming challenges of closing preparation since laws and regulations can vary widely when you're contending with the vast differences between regional, state, and county lines.

The background is a teal color with a faint, semi-transparent image of four business professionals in a meeting. One person is standing at the top, leaning over a table. Two others are seated at the bottom, looking at documents. A laptop and a calculator are visible on the table. A white vertical line is on the left side, and a white horizontal line is on the right side.

A PICTURE OF SETTLEMENT COMPANIES

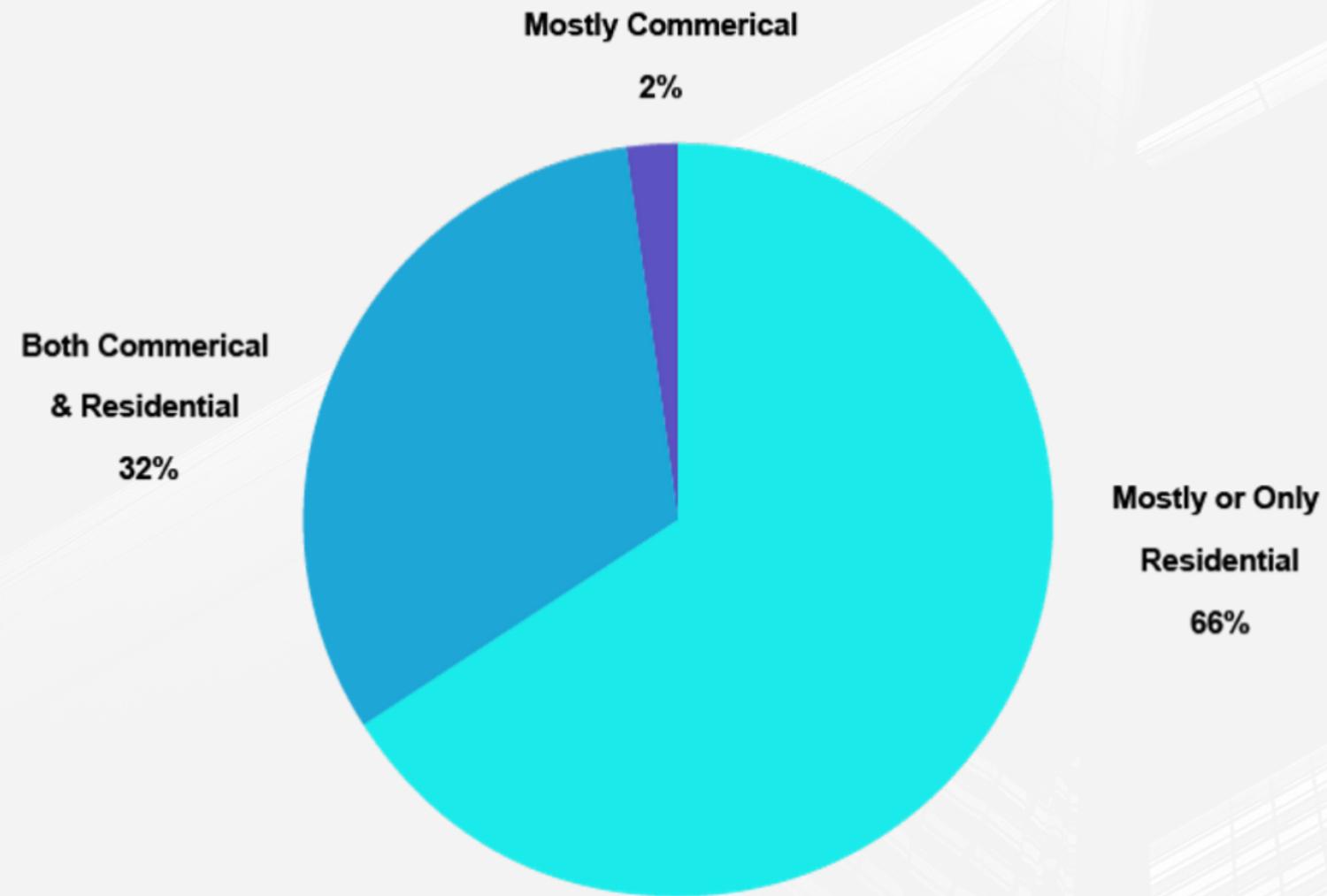
84%

INDEPENDENT AGENCY

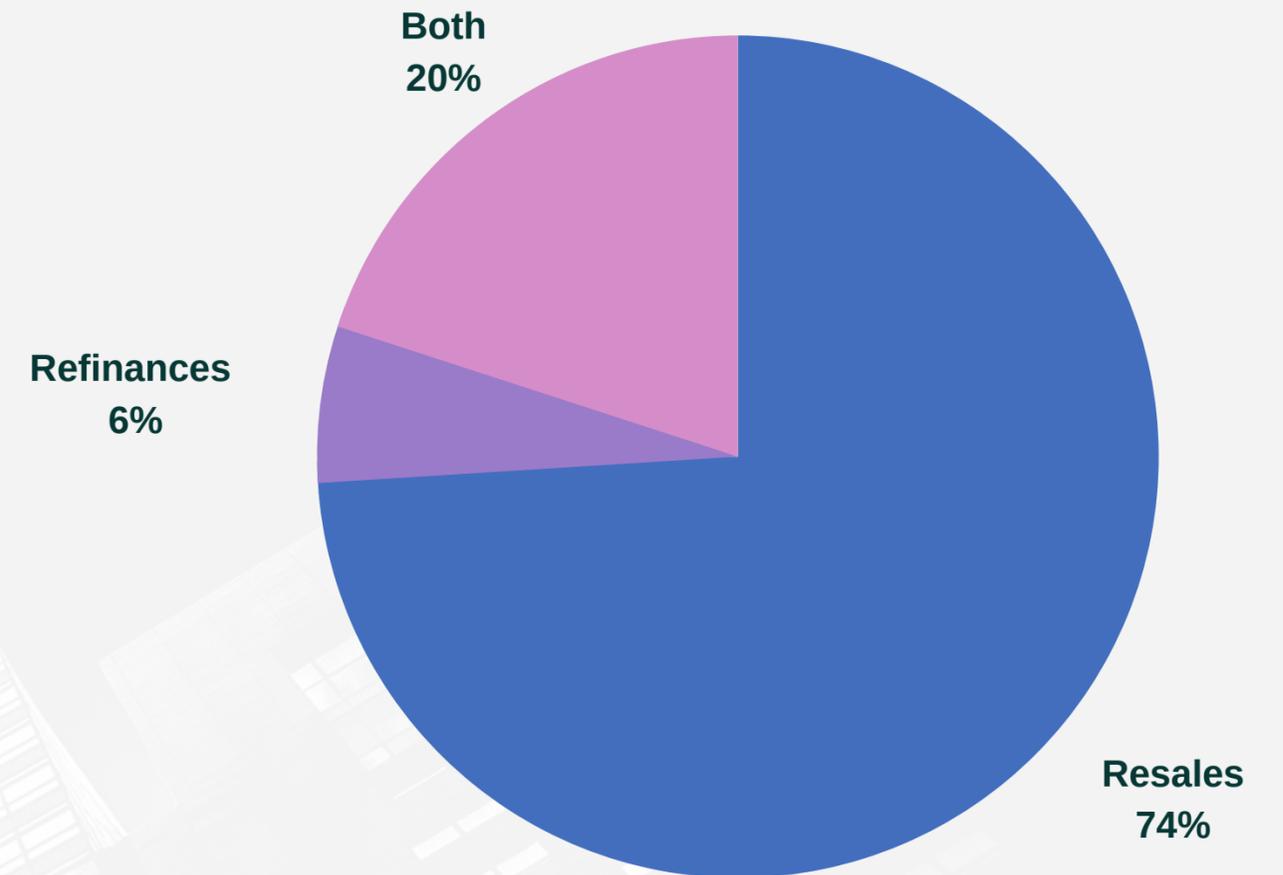
16%

**DIRECTOR OPERATION/
UNDERWRITER OWNED**

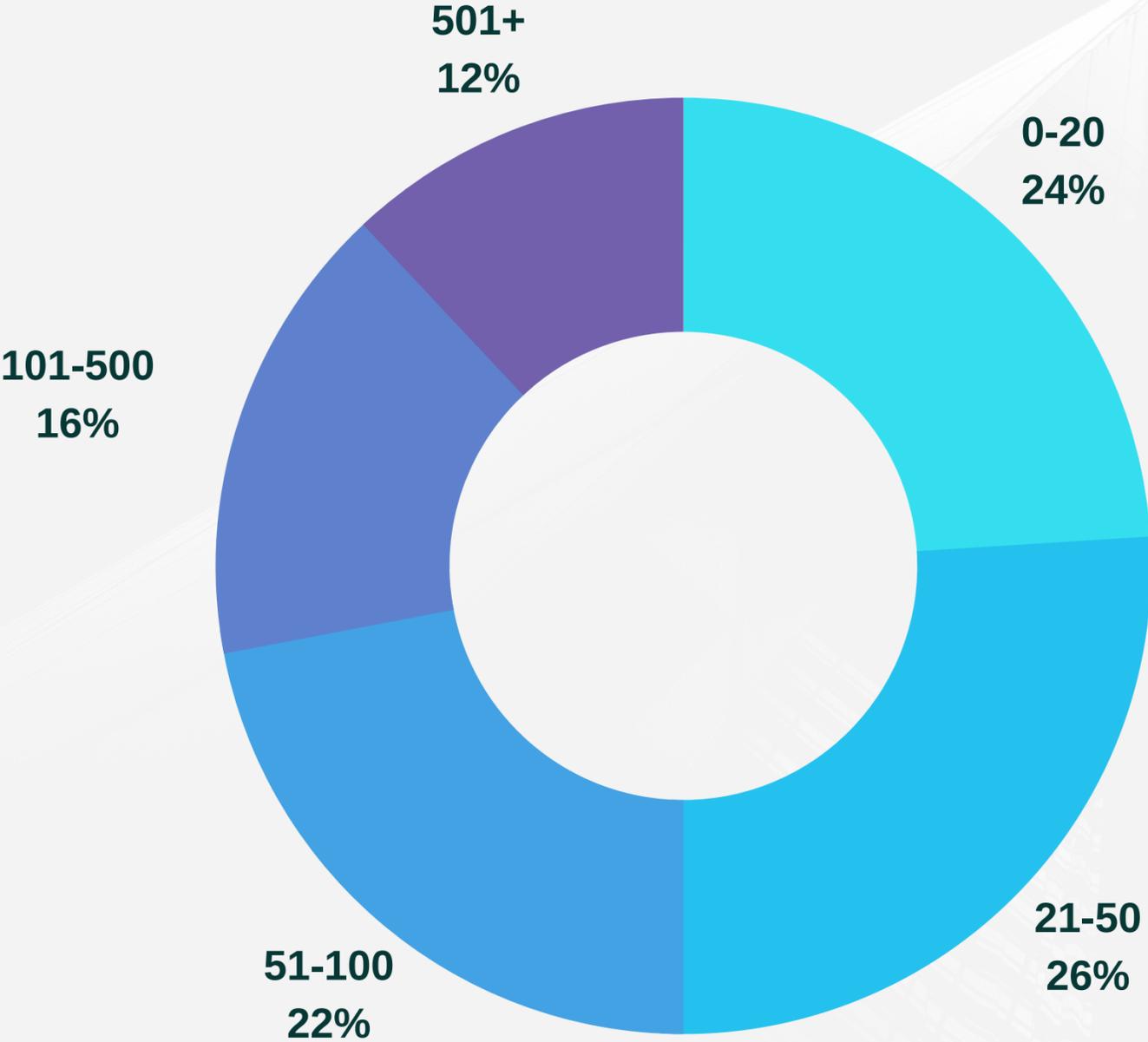
How would you characterize the types of property you close?



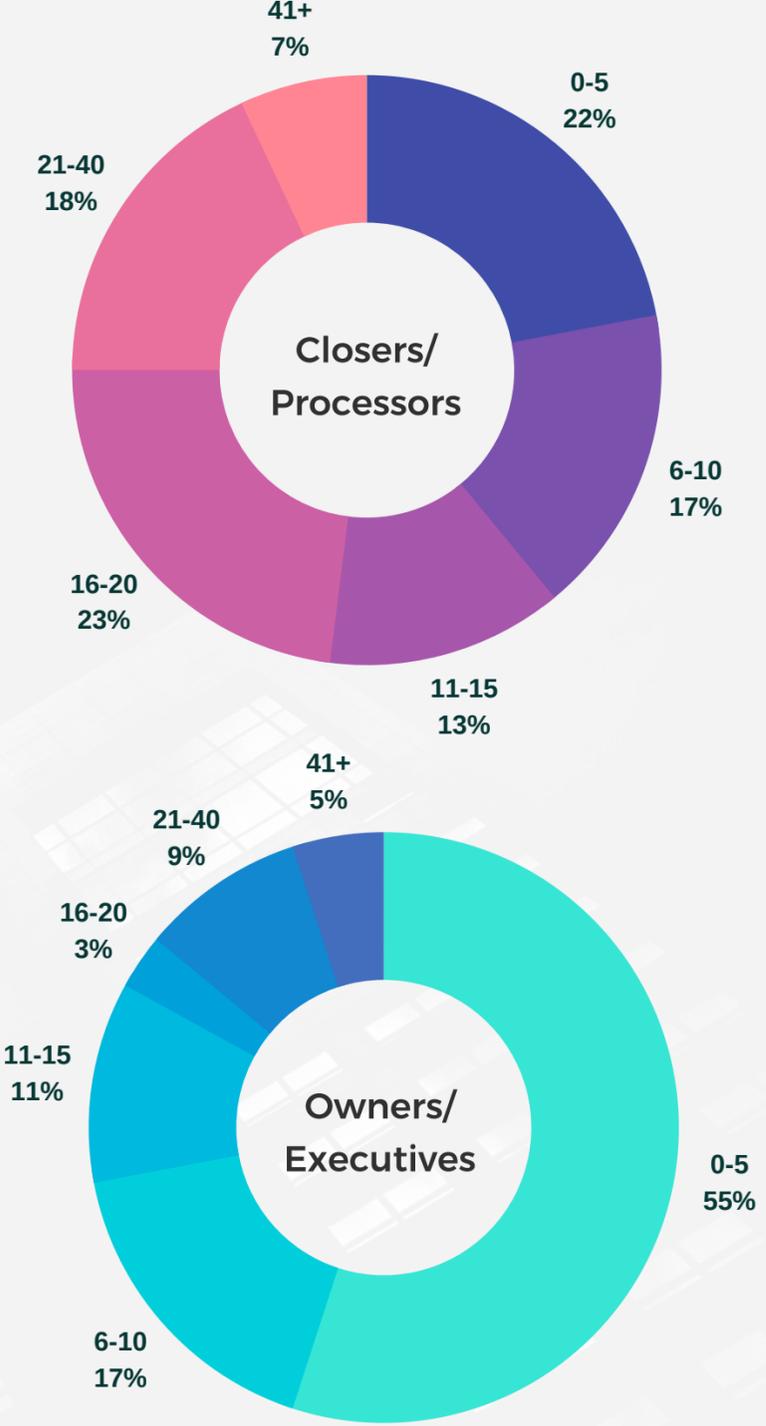
Which type of deal does your firm handle most?



How many closings does your company/firm handle each month?



How many closings are you personally handling each month?





WHO HANDLES MORE CLOSINGS?

Closers and processors in our survey tell us they are personally juggling **between 16 and 20 closings** a month.

What our survey also shows is that **just because a title professional is in charge of a company, doesn't mean they're not responsible for closings now and again.**

The majority of respondents who identified as an **Owner, CEO, or VP (55%)** said they're personally handling **up to 5 closings** a month,

17% actually said they're handling **up to 10 closings** a month and the rest of those respondents say they're handling more than that.

It goes to show that many title professionals in leadership roles are balancing varied responsibilities between day-to-day closing tasks and the overall success of their companies.



**RESPONSIBILITIES
AND CHALLENGES OF
TITLE PROFESSIONALS**

What best describes your job responsibilities?

(Paralegals, Processors, and Closers)



#1 Preparing for a closing/opening a file



#2 Client outreach



**#3 Coordination of pre-closing due diligence
(title searches, lien searches, etc.)**



#4 Post-closing



#5 Monitoring compliance

What best describes your job responsibilities?

(Owners, Executives, Upper-managers)



#1 Getting new business



#2 Recruitment



#3 Client outreach



#4 Monitoring compliance



#5 Process improvement

Regardless of job role or job title, the biggest overlap we found is that **both groups -- owners and executives, as well as closers and processors -- rank “client outreach” as a top responsibility.** This comes as no surprise as, in the settlement business, we’re really in a service industry when it comes to handling the closing for all the involved parties. It’s vital that settlement professionals are keeping these parties in the loop through the entire process.

According to Dimension Data, 84% of companies that focus on improving the customer experience report an increase in revenue.

Interestingly, if we look at respondents who are upper management, executives, or owners of companies that do 100 - 1,000 closings a month, those top responsibilities seem to shift to recruiting/hiring, followed by fostering company culture, and then getting new business. These companies performing more closings likely have dedicated sales teams to bring in more deals so that these individuals can spend more effort on staffing and morale.

Whereas those upper-level professionals in companies that do 50 or fewer closings each month, they’re most concerned with (in this order) bringing in new business, client outreach, and monitoring compliance.



DUTIES OF THE JOB

Closers Challenges



#1 Not enough time/Having to rush through tasks



#2 Juggling too many different responsibilities



#3 Finding ways to generate new business



#4 Not enough staff to handle the workload



#5 Educating real estate agents, buyers, and sellers

Owners Challenges



#1 Finding ways to generate new business



#2 Juggling too many different responsibilities



#3 Threat of wire fraud and/or cybersecurity



#4 Changing technologies



#5 Hiring and training new staff

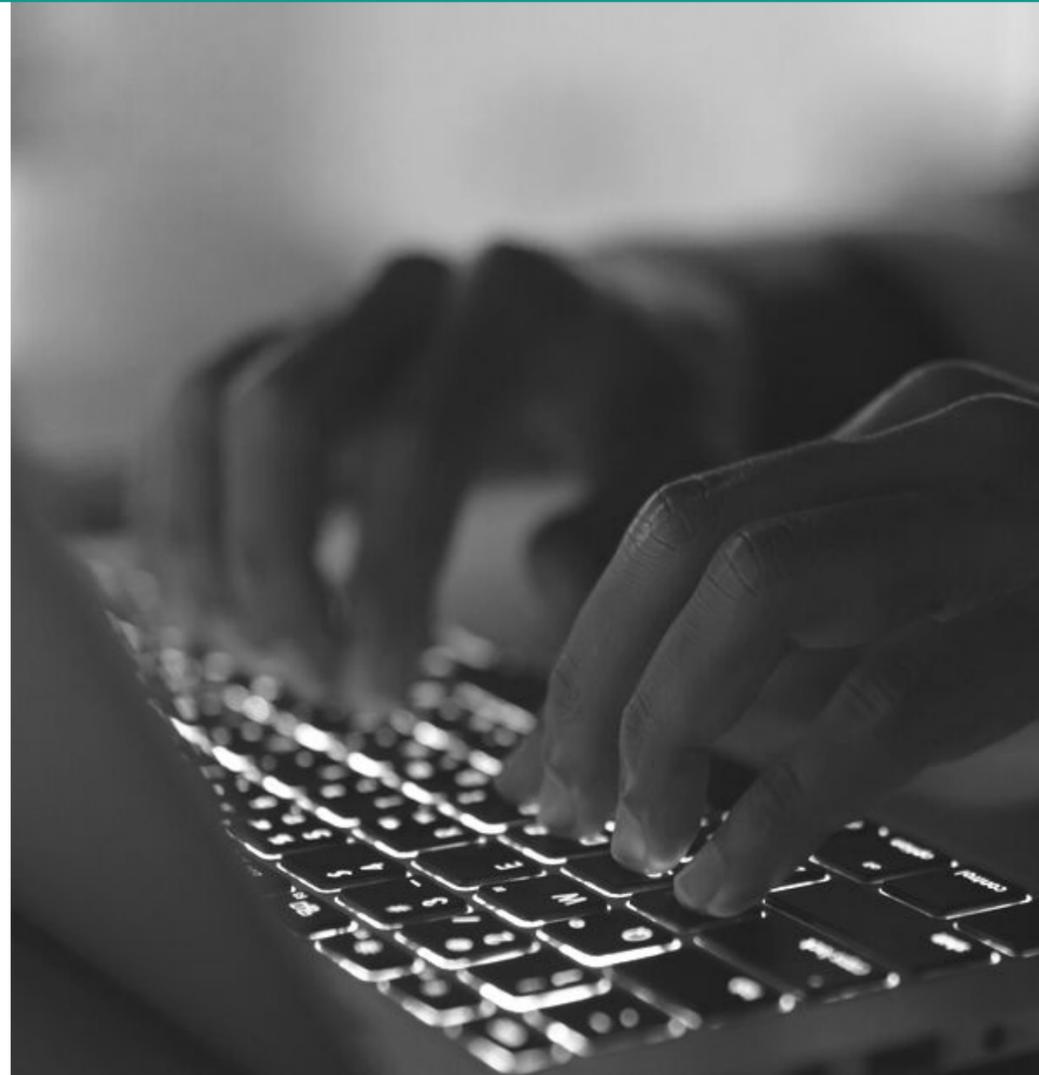
What are the biggest challenges in your day-to-day job?

For executives and owners, their #1 biggest challenge is finding ways to generate new business, then juggling too many different responsibilities, followed by dealing with the threat of wire fraud and cybersecurity.

Although responsibilities are varied between the two groups, there are a lot of similarities when it comes to the struggles they face in their day-to-day responsibilities. For closers and processors their biggest challenges go in this order: (1) “not having enough time and rushing through tasks”, (2) “juggling too many different responsibilities”, and (3) “finding ways to generate new business”.

Being busy is a good problem to have, but in a cyclical industry, what are some ways title companies and law firms can optimize their workflows to be more efficient?

CYBERSECURITY & THREAT OF WIRE FRAUD



75% of title professionals don't conduct phishing tests.

ALTA Data and Analytics Work Group Survey

Closers & processors ranked this as their 7th concern. For owners & executives this was their 3rd biggest challenge.

When it comes to the threat of wire fraud, those cutting the checks seem to be more concerned than those in the trenches of processing files. It makes sense that the people at the helm of an operation would be preoccupied with such a huge and growing problem for both consumers and settlement agents.

Recent statistics by the FBI estimate total global losses exceed \$12.5 billion. Business email compromise targeting the real estate sector rose more than 1,100% between 2015 and 2017.

The average payday for a wire fraud scheme is \$137,000.

That's many people's life savings.

Those numbers are sure to make anyone nervous, especially when you're in charge. Unfortunately, with so many people involved in a closing, there are lots of opportunities for cybercriminals to infiltrate a deal and abscond with the mortgage payoff or downpayment.

Title agents, lenders, and realtors all have to work together to strengthen defenses and educate consumers on the risks and signs of wire fraud scams.

After a target has been identified through publicly accessible information, like a Realtor on LinkedIn, scammers use phishing emails to gain information about upcoming closings, pose as a trusted party in the transaction, access computers and internal networks with sensitive personal information like social security numbers, account numbers and passwords, and intercept wire transfers.

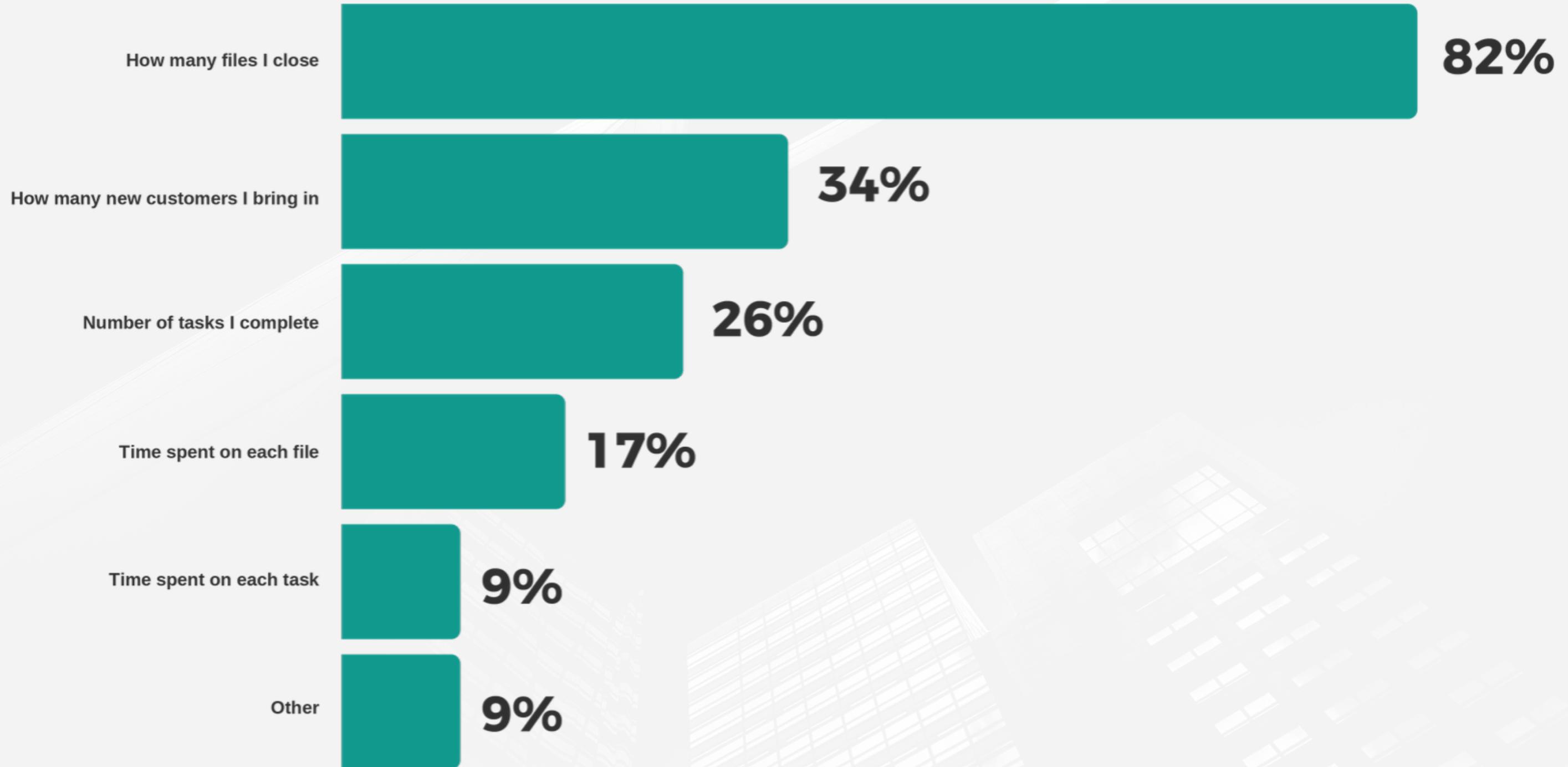
Despite owners and CEOs identifying wire fraud as a challenge, shockingly 75% of title professionals don't conduct simulated phishing tests according to ALTA's Data & Analytics Work Group's latest survey.

Training staff to spot a phishing attempt and measuring their ability to do so should be a bigger priority for the title industry. As stewards of the real estate transaction and people's life savings, all potential weak points in a title company's internal process should be examined and tested regularly.

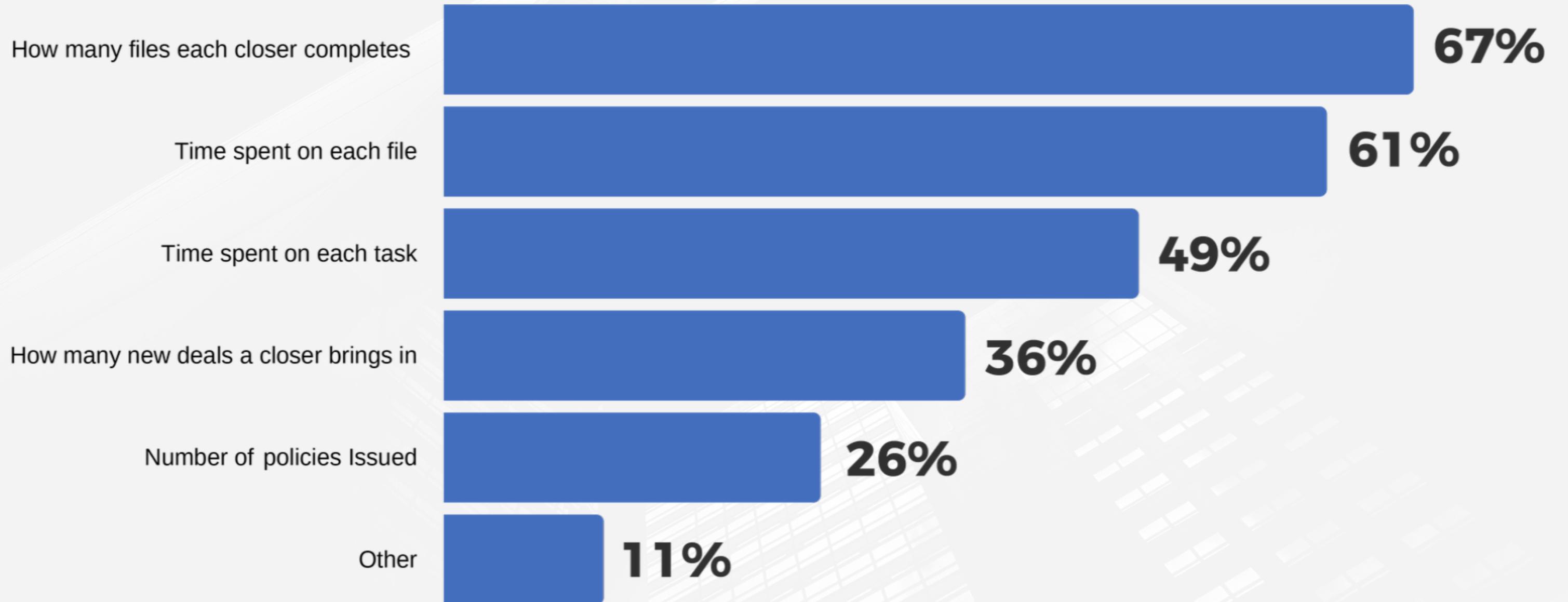
HERE ARE SOME TIPS ON WIRE FRAUD & CYBERSECURITY TO SHARE:

- Email is not inherently safe. Set up the proper firewalls and report any suspicious emails.
- Enable two factor authentication on all your accounts (email and social media).
- Never let someone pressure you into sending funds quickly without following the proper protocols.
- Always call the known number to verify the transfer.
- Slow down if something doesn't feel right.

As a closer or processor, how is your performance/success tracked?



As an owner, or executive, what factors do you look at when determining the efficiency of your closers/paralegals/processors?



HOW DO WE TRACK OUR EFFICIENCY AND SUCCESS?



All respondents measure success and efficiency in the way that's easiest to quantify: the number of files closed. Although we (mistakenly) didn't ask about accuracy, it appeared in several "other" answers for owners and executives, but not for closers and processors.

Accuracy and quality are no doubt important, but tougher to quantify than the number of files. It's not surprising that the owners and executives are looking at the bottom line and therefore most concerned with how many files and how long it takes as a measure of efficiency, whereas only 17% of processors and closers think time spent on a file is a measure of their efficiency and success.

There seems to be more of an emphasis on the big picture of files closed rather than looking at individual tasks completed. However, efficiency gains can't be made if you don't have a good idea of how long each individual task takes a closer so that decision makers can evaluate which tasks are dragging on their productivity.

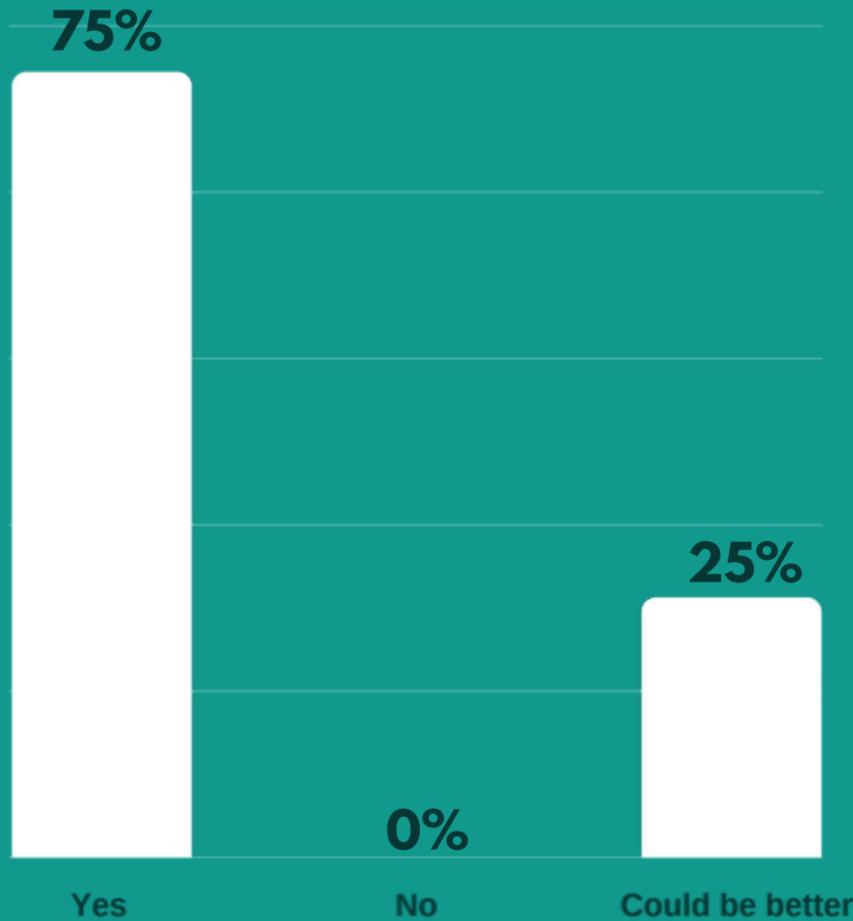
Closers are expected to bring in new deals.

We wanted to note the interesting statistics about closers stepping into a sales role for their company, which we also see under their responsibilities. According to our survey, **nearly the same percentage of respondents between owners and executives (36%) and closers and processors (34%) say that "new business generated" is a measure of success for closers and processors.** Even though owners and executives say 'how many files' and the 'time spent on each file' is more important than how many new deals a closer brings in, these statistics still go to show that everyone in an organization is responsible for sales.

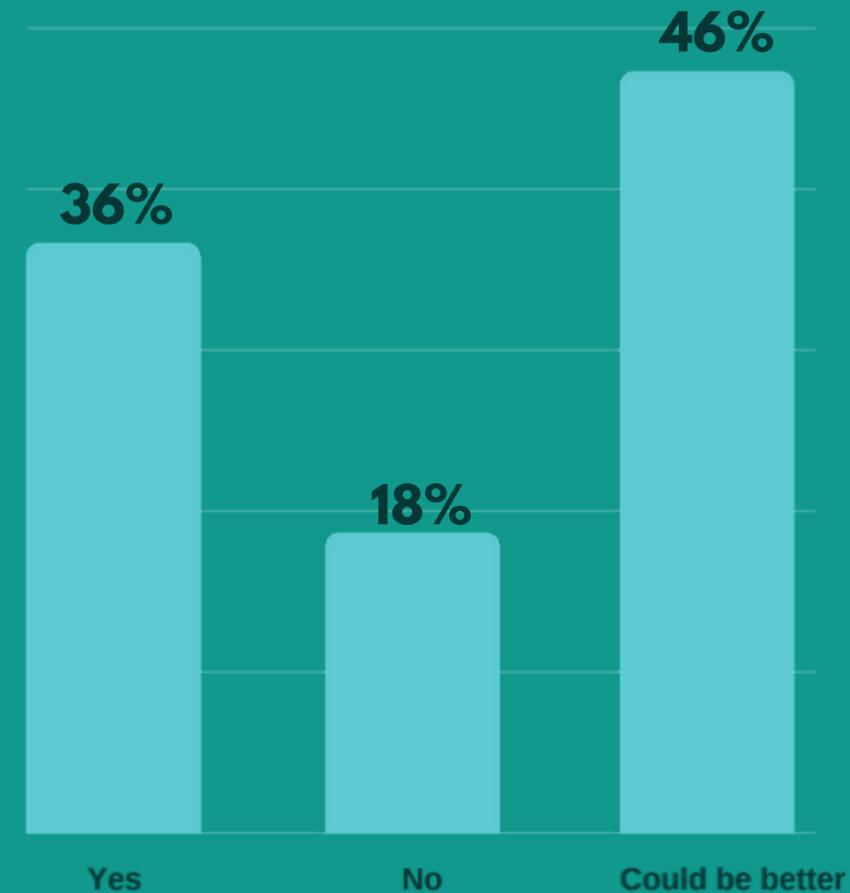
Many companies want to help alleviate the various tasks and responsibilities of the closers and processors so that they can spend the extra time with customers and work on getting new ones. These companies employ third-party vendors to take on some of the more menial and time-consuming tasks, such as playing phone tag with a homeowner's association, or waiting on hold for 30 minutes with a utility company.

THE STATE OF PRE & POST-CLOSING DUE DILIGENCE IN THE TITLE INDUSTRY

Do you think your organization's pre and post-closing due diligence efforts are sufficient?



Do you think others in the industry do a thorough job with due diligence?



VS

Comparing these two responses highlights that both Owners/CEOs and Closers/Processors have far less confidence in their competitors' or peers' performance than their own. Those spending the bulk of their time doing the work, however, were a little more generous in their evaluation of their peers. Or, perhaps, owners and CEOs have a larger scope of vision and experience by which to evaluate their process compared to industry standards.

Do these responses denote a tendency to evaluate our own performance more highly than that of our competitors or peers? While many acknowledged they and their company could be doing better with pre and post-closing due diligence (30% for owners/CEOs and 21% for processors/Closers), 75% of all respondents said their process was sufficient while only about a third (36%) believe others to be sufficient.

94%

HAVE HAD TO CLEAN UP
ISSUES NEGLECTED BY A
PREVIOUS TITLE PROFESSIONAL

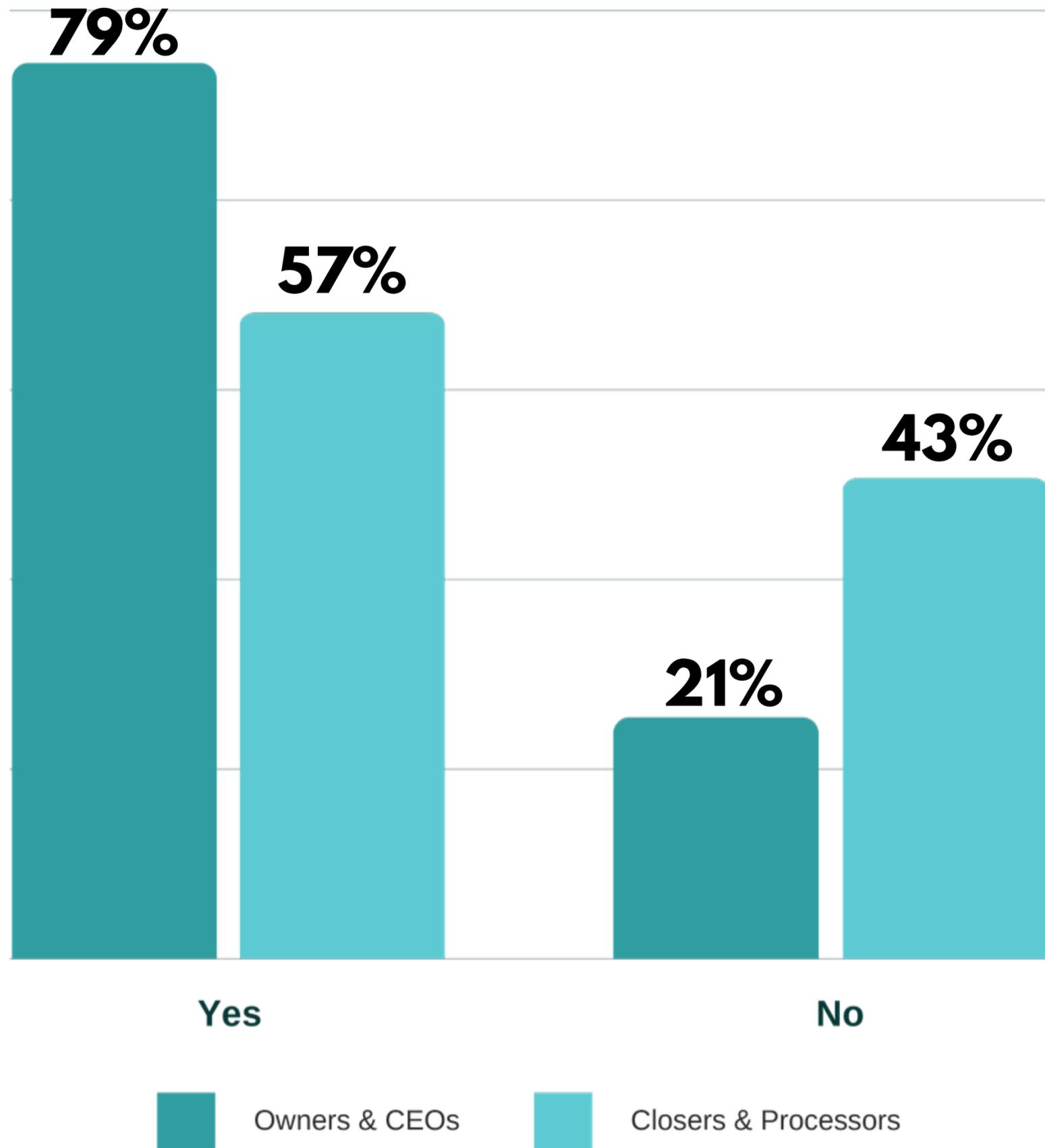
6%

NEVER HAVE HAD TO
CLEAN UP PREVIOUS ISSUES

WHAT'S THE CAUSE OF CLEAN UP DUTY?

94% of all respondents have had to deal with issues arising from the neglect of a previous closer or title professional.

With so many settlements agents cleaning up after another, the lower marks for peers makes sense. Clearly, when title professionals are strapped for time already, having to fix something that could have been avoided is a major point of frustration. Perhaps the lack of time is exactly why title issues aren't always discovered or properly handled when they should be. This feeds into a common cycle of rushing to close a file, cleaning up a closed file, back to rushing to close a file.



**DO YOU
THINK LACK
OF TIME &
RESOURCES
PLAY A ROLE
IN HOW
THOROUGH
YOUR DUE
DILIGENCE
IS?**



The Never-Ending Struggle of Title Clearance

A majority of closers/processors stated that lack of time and resources played a role in their confidence in the thoroughness of due diligence. This isn't surprising since this group ranked **“Not enough time/rushing through tasks”** as their number one challenge followed by “Juggling too many different responsibilities.”

What is surprising is the percentage of owners and CEOs (79% compared to 57% of Closers and Processors) who believe lack of time and resources played a role. While those in a leadership role didn't rank lack of time as high of a challenge in their day-to-day, they still seem to recognize how it impacts their employees' performance and accuracy.

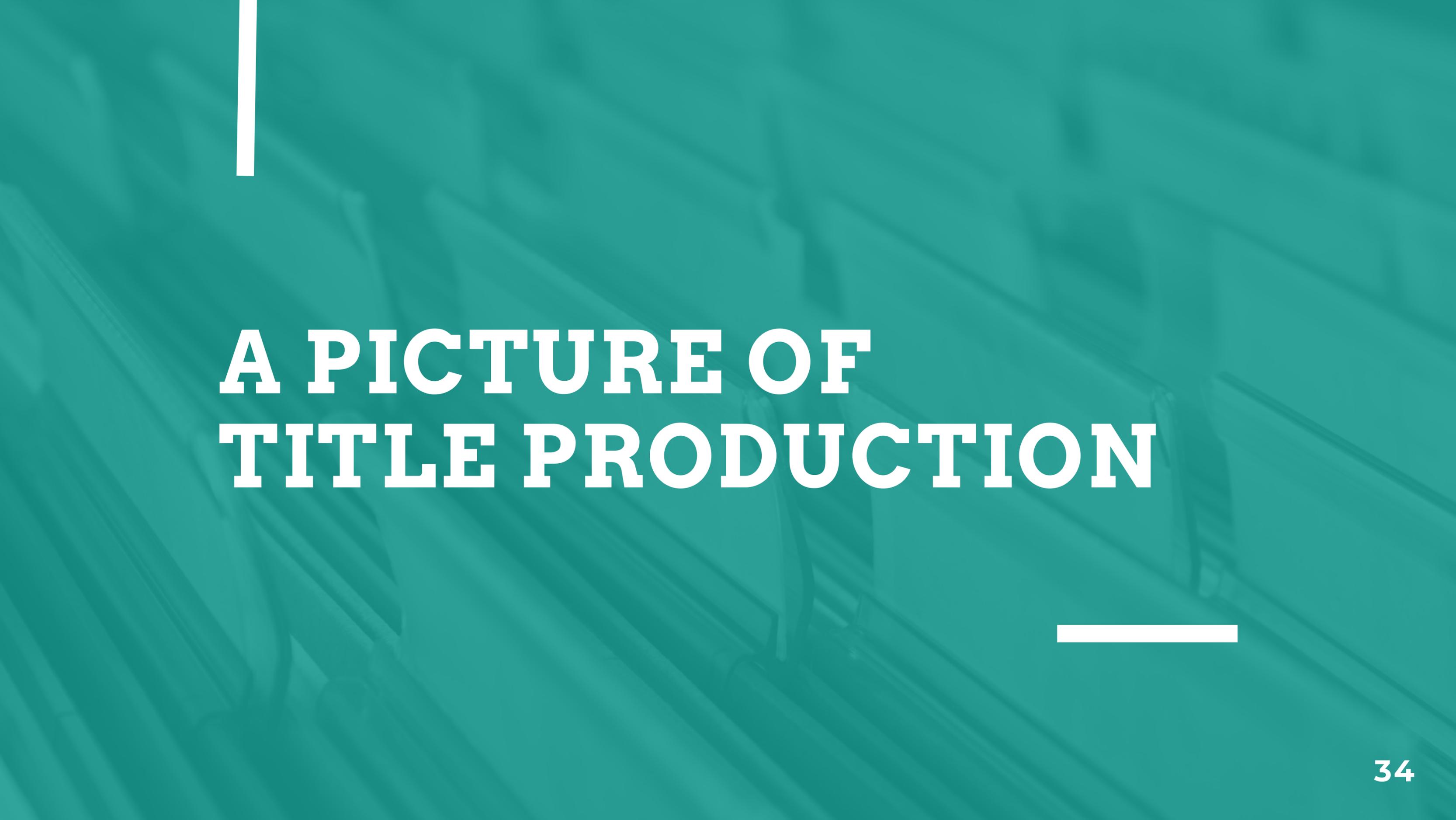
What are some other causes of curative work that are out of the control of settlement agents?

The nature of a real estate transaction, recording documents, and issuing a marketable title policy for a resale means that the work of settlement agents is never done. Among public recorders, lenders, and consumers, the title company or real estate law firm is the one responsible for ensuring there are no defects on the title. There are no or few other checks for recording issues automatically built into the current system.

While virtually all states have recording statutes, most public recorders make no determination in the veracity or accuracy of documents to be recorded in the public record. While documents are sometimes rejected from county and city recorders for not meeting their requirements, such as incorrect fee amount, poor quality of the document or notary seal, incomplete information or insufficient margins, there is no process to confirm all of the contents of instruments recorded aren't erroneous or fraudulent.

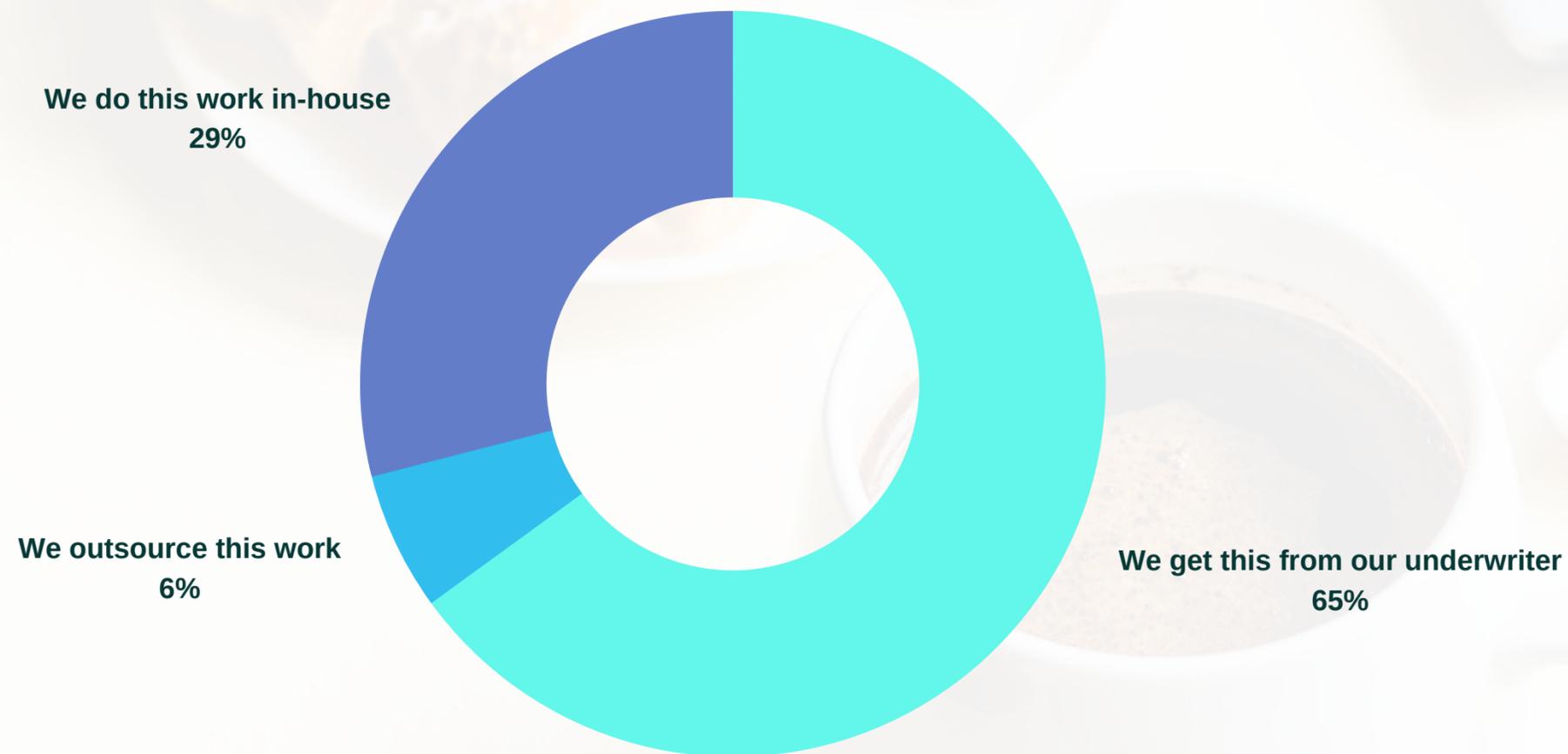
Additionally, the mortgage industry has engaged in practices like Robo-signing, creating questionable title transfers from legally faulty proceedings. When the issue first came to light after the housing crisis in 2008, states tightened the foreclosure process to better scrutinize the documents filed by banks against consumers, but the scandal has created a lasting question on some foreclosed properties.

Improperly filed legal documents, pending legal action or unreleased mortgages may result in title issues for the new buyer. Oftentimes, the instrument needed to clear the title defect can be nearly impossible to obtain since the title agent must find the correct party to provide the document to be recorded. Again, it's the sole responsibility of the title agent to find and assess these issues before closing on behalf of mortgage lender and consumer, but it's easy to see how the current system compounds the struggle to clear title issues.



**A PICTURE OF
TITLE PRODUCTION**

How does your company handle title searches and commitment preparation?



Title Searches are one of the most commonly outsourced steps in the closing and policy issuance process.

We found that **85% of respondents in Florida** say they get their title searches direct from their underwriter. This is because most of Florida's larger underwriters have title plants that make title searches more efficient and cost-effective for a settlement company.

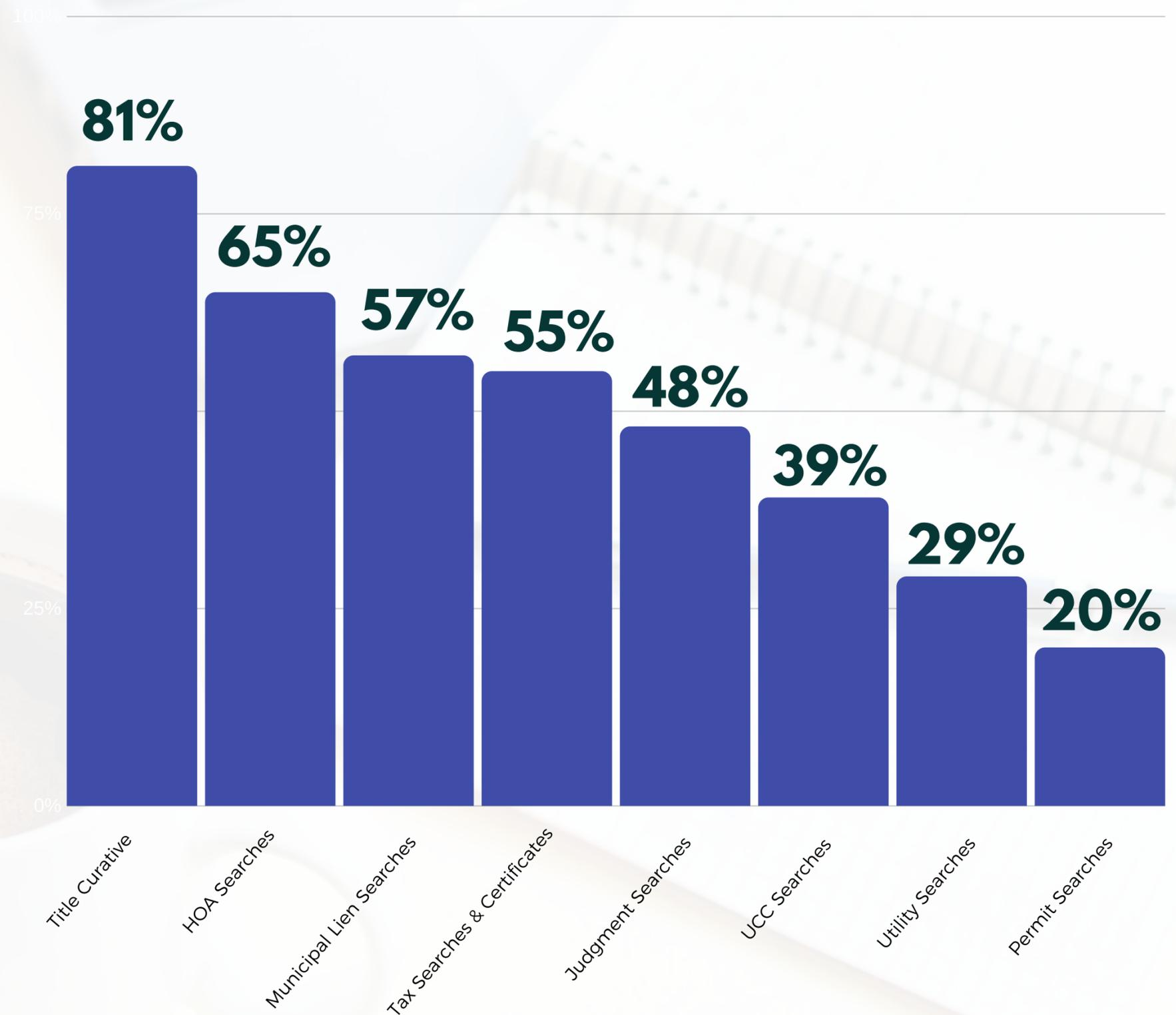
Outside of Florida, we found that 56% of respondents say they do the title search and examination in-house and just 40% get it from their underwriter.

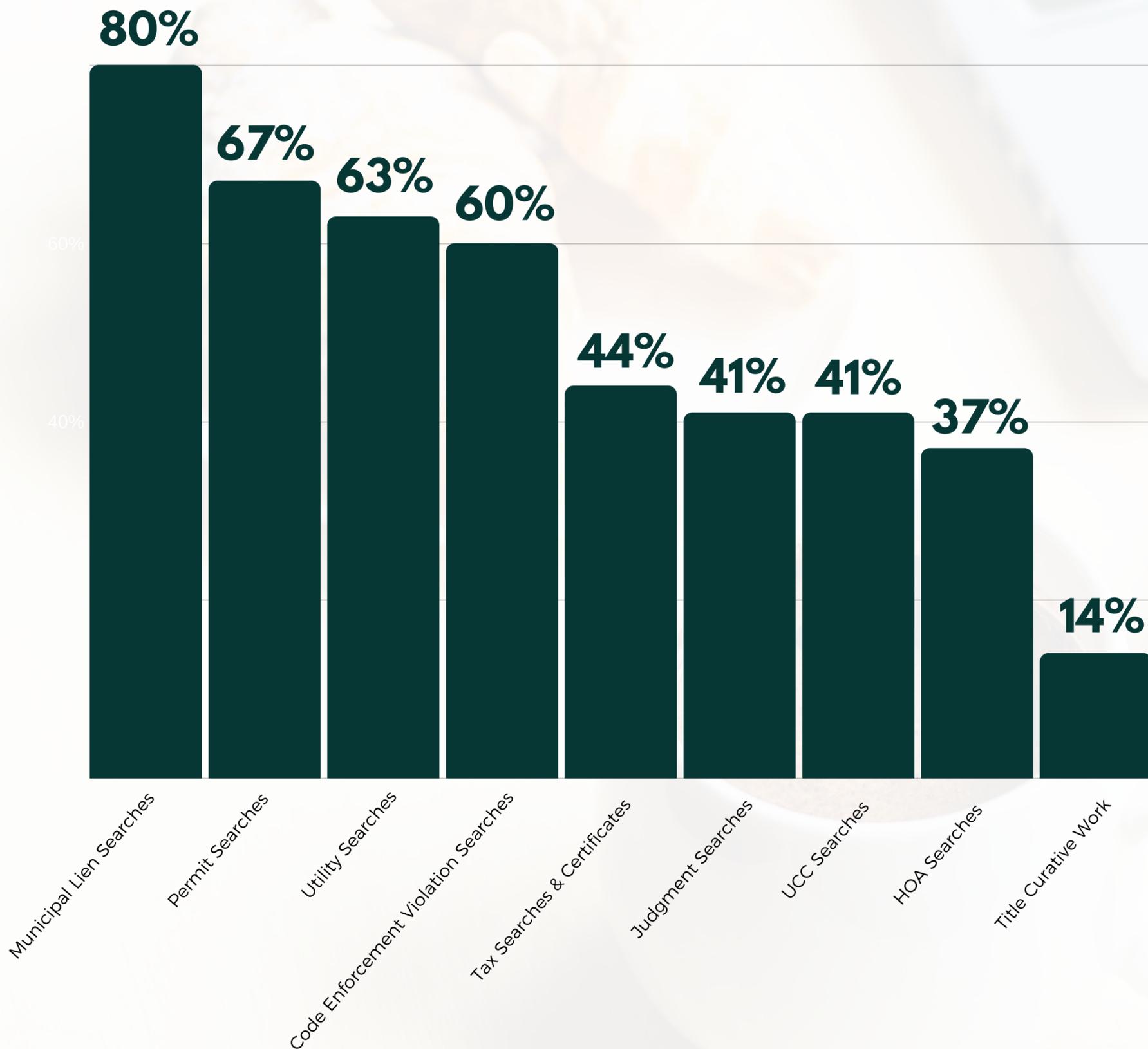
Back in the good 'ole days, everyone did their own searches and examinations, but nowadays a good examiner is hard to find. Thanks to the highly specialized nature of the job, the rise of title plants, and the Silver Tsunami phenomenon, fewer people are coming into the industry and even less are becoming examiners. It's no wonder that doing title search and commitment preparation in house is increasingly less common.

What other types of searches/work does your company typically do in-house for a real estate transaction?

Since clearing title defects to issue a marketable policy to lenders and homeowners is a core function of settlement agents, it's unsurprising that the majority of respondents prefer to handle title curative work on their own.

Curative work can be time consuming and detailed, requiring an experienced title professional's eye. In some cases, quiet title action may be required if all other options to resolving a defect have been exhausted. From this question, it's difficult to ascertain how often this "clean up" work is due to the neglect of another title professional after closing, clerical error, past reliance on a mutual indemnity treaty, or some other issue in the public record.





What other types of searches/work does your company typically outsource to a third-party?

Outsourcing is often thought of as a cheap alternative to doing it yourself, a way of cutting corners. But in title work, the impetus to outsource isn't so much about cutting costs but about finding the right partners specialized in the task. This helps to streamline the title search process and allows companies to focus on the core functions of issuing clean title.

To that point, further in the report you'll find that 66% of respondents stated that outsourcing these searches allowed them to focus on other important aspects of the closing. 58% of owners and executives noted that experts performed these search better and faster.

It's important to note that the majority of our respondents do business in the state of Florida, and municipal lien searches are a common part of the title search under standard contracts.

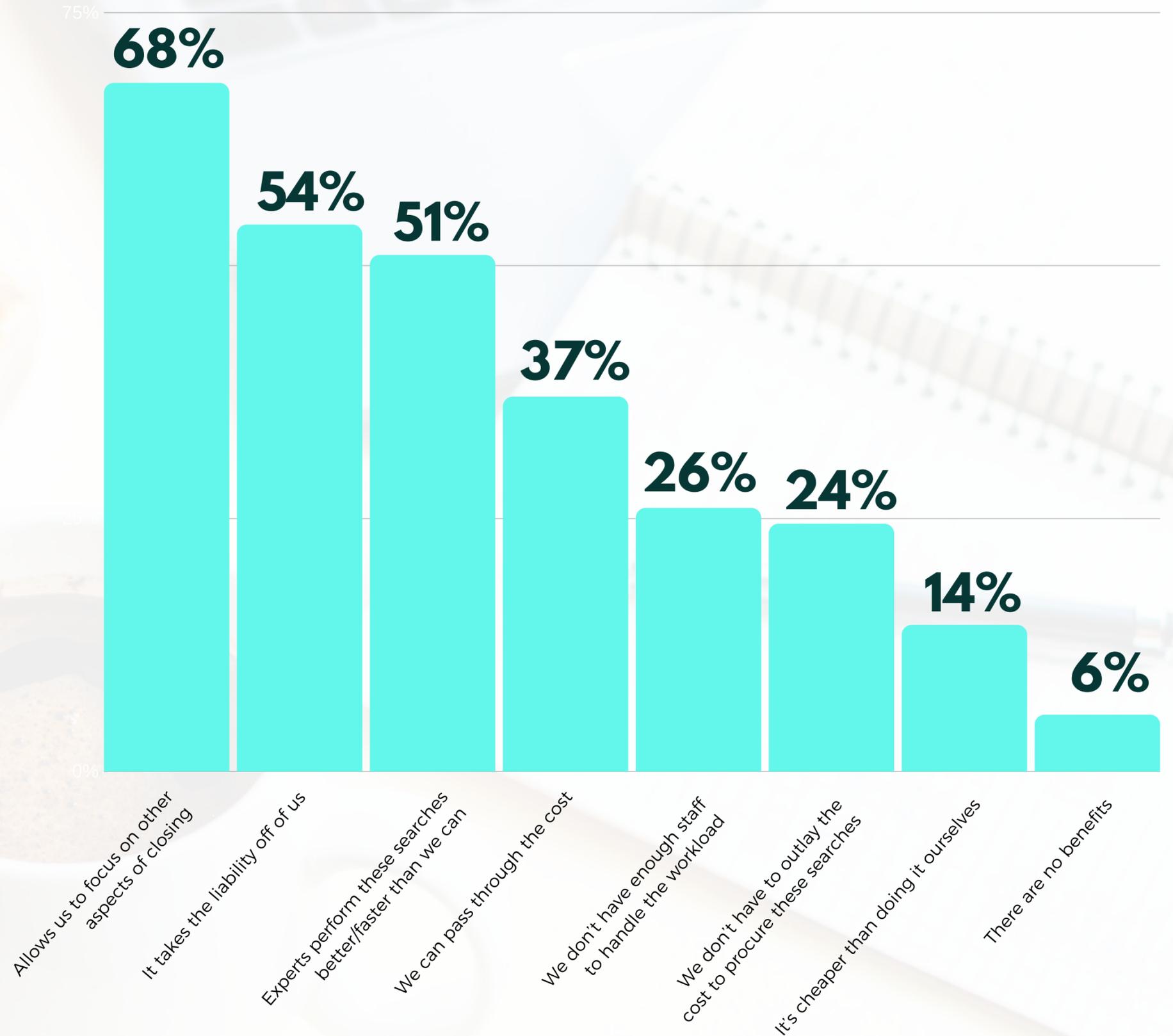
Additionally, what is often referred to as a Tax Certificate carries different connotations depending on where you work. In Florida, a Tax Certificate usually refers to the Tax Lien Certificate used to initiate a Tax Deed Sale. Other states, like Texas, require a Tax Certificate to reveal important tax information like the taxing districts, any tax liens placed on the property, and exemptions. If homeowners are billed for utilities or code violations through their property taxes, a Tax Certificate will show any of those property issues.



— BENEFITS OF OUTSOURCING

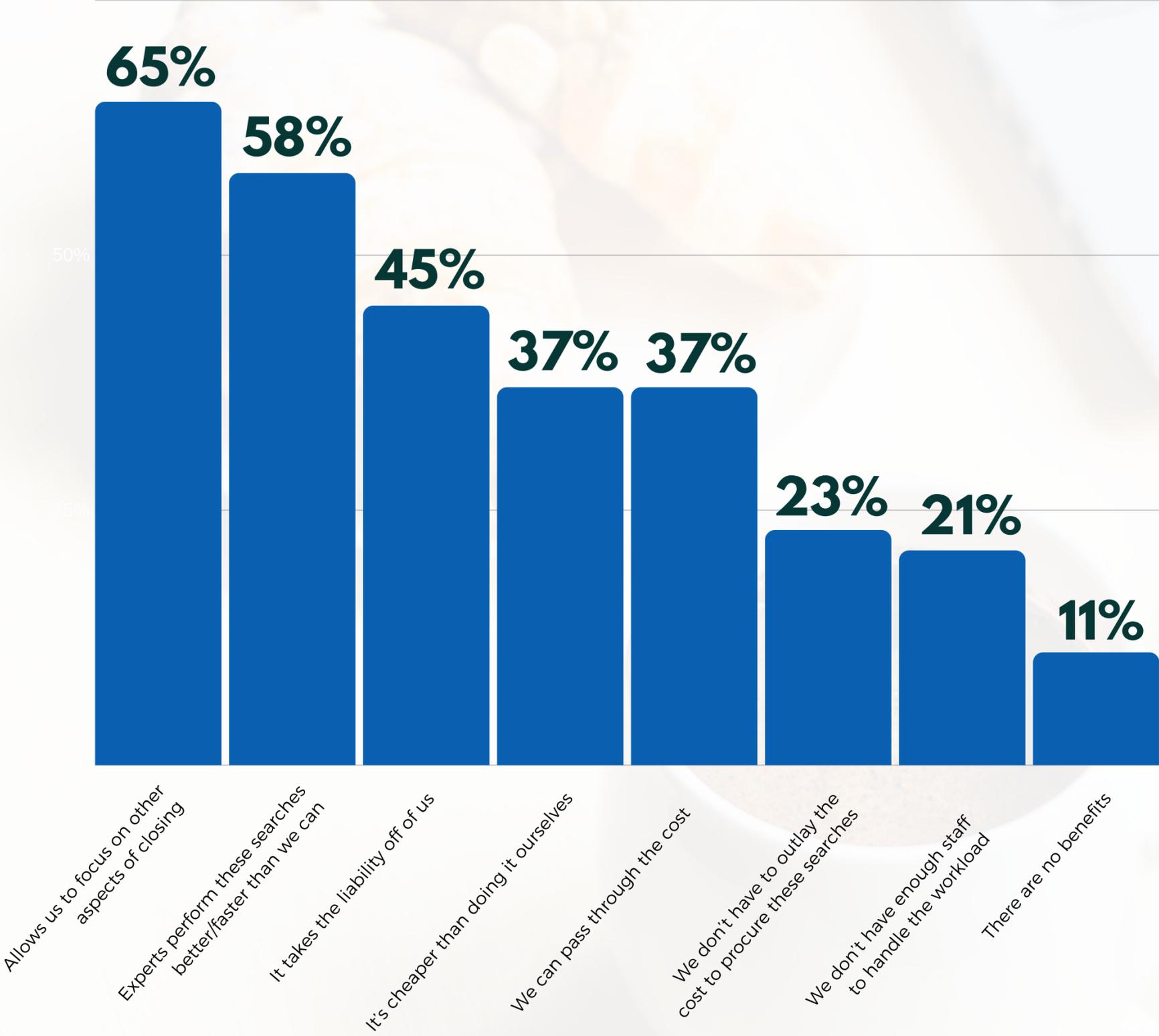
BENEFITS OF OUTSOURCING

CLOSERS & PROCESSORS



BENEFITS OF OUTSOURCING

OWNERS & CEOS





UPSIDES OF OUTSOURCING

Nearly two-thirds of all respondents agree that the biggest benefit of outsourcing various parts of their pre-closing due diligence checklist is that it allows them to focus on other important aspects of the closing.

There are so many different tasks to complete to get a file to the closing table that procuring a municipal lien search, judgment search, or tax certificate, can seem like a miniscule piece in comparison to the mountain of work that stands between them and closing day. Working with a company that can handle many of these smaller tasks and do that follow-up and sitting on hold on their behalf, frees up that time.

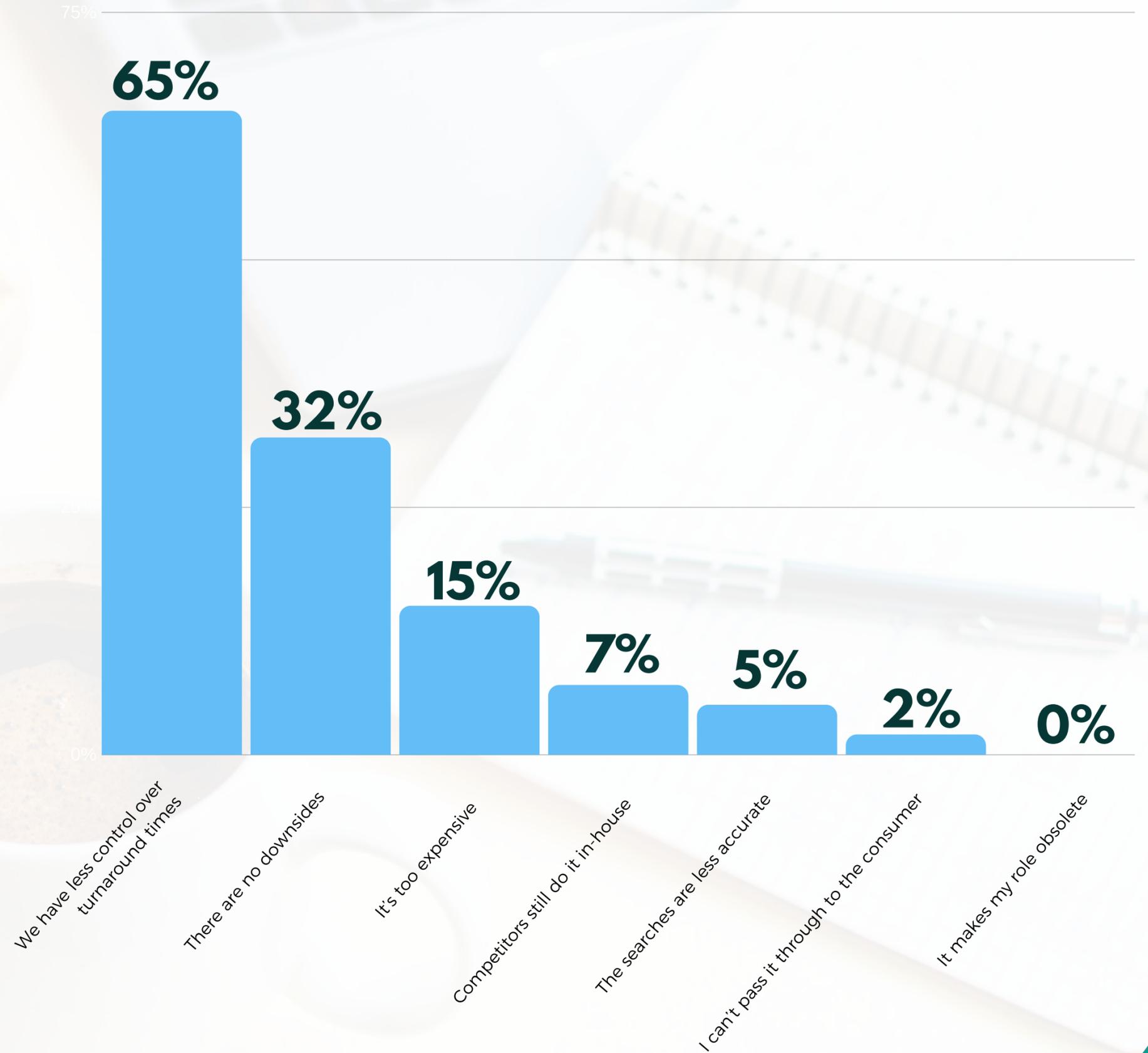
The second biggest benefit for the owners and executives is that they think the experts can perform the searches better and faster than their company can. A company like PropLogix is highly specialized to perform property research and we work with municipalities and homeowner's associations all day, every day.

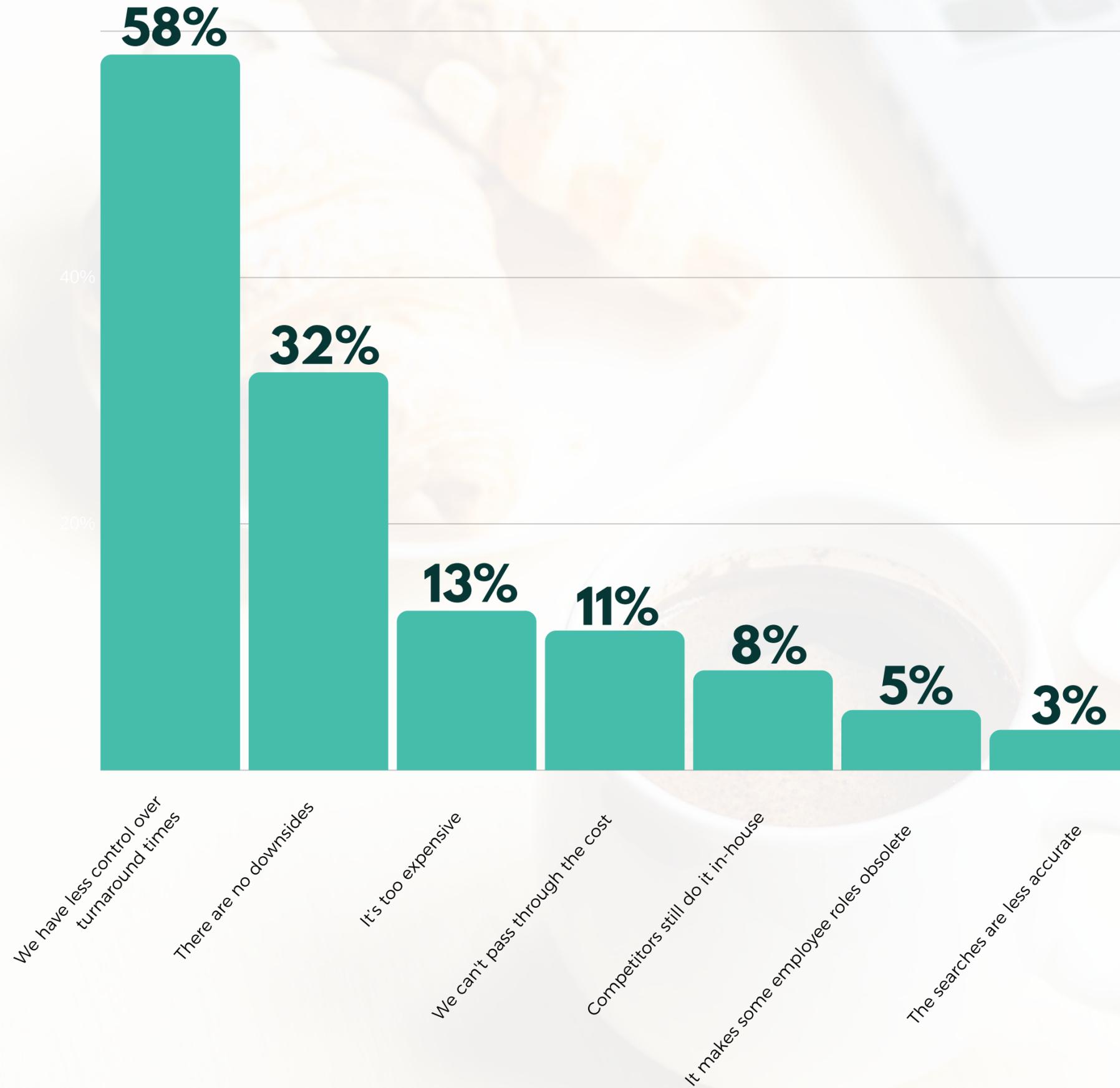


— DOWNSIDES OF OUTSOURCING

Downsides of Outsourcing

Closers & Processors





Downsides of Outsourcing

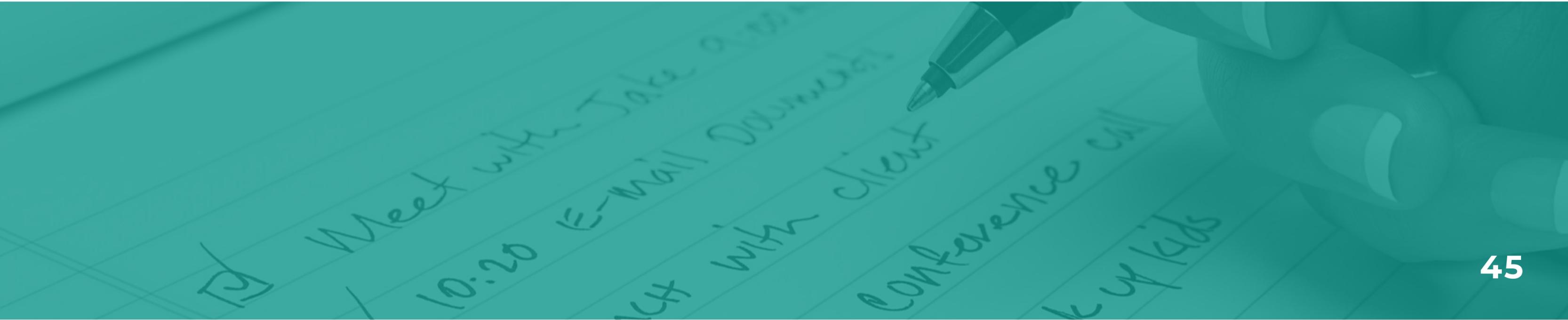
OWNERS & CEOs

DOWNSIDES OF OUTSOURCING

Less control over turnaround times is the biggest drawback for title professionals when it comes to outsourcing different due diligence duties. As the face of the deal, a closer is responsible to their customers who don't understand the various intricacies of those factors that are outside of a closer's control.

Most of those factors are impediments that vendors like PropLogix also cannot get around. However, depending on which vendor a company works with, they may have the ability to see exactly where their request is in the process, as well as get regular and time-sensitive updates on the status of their request.

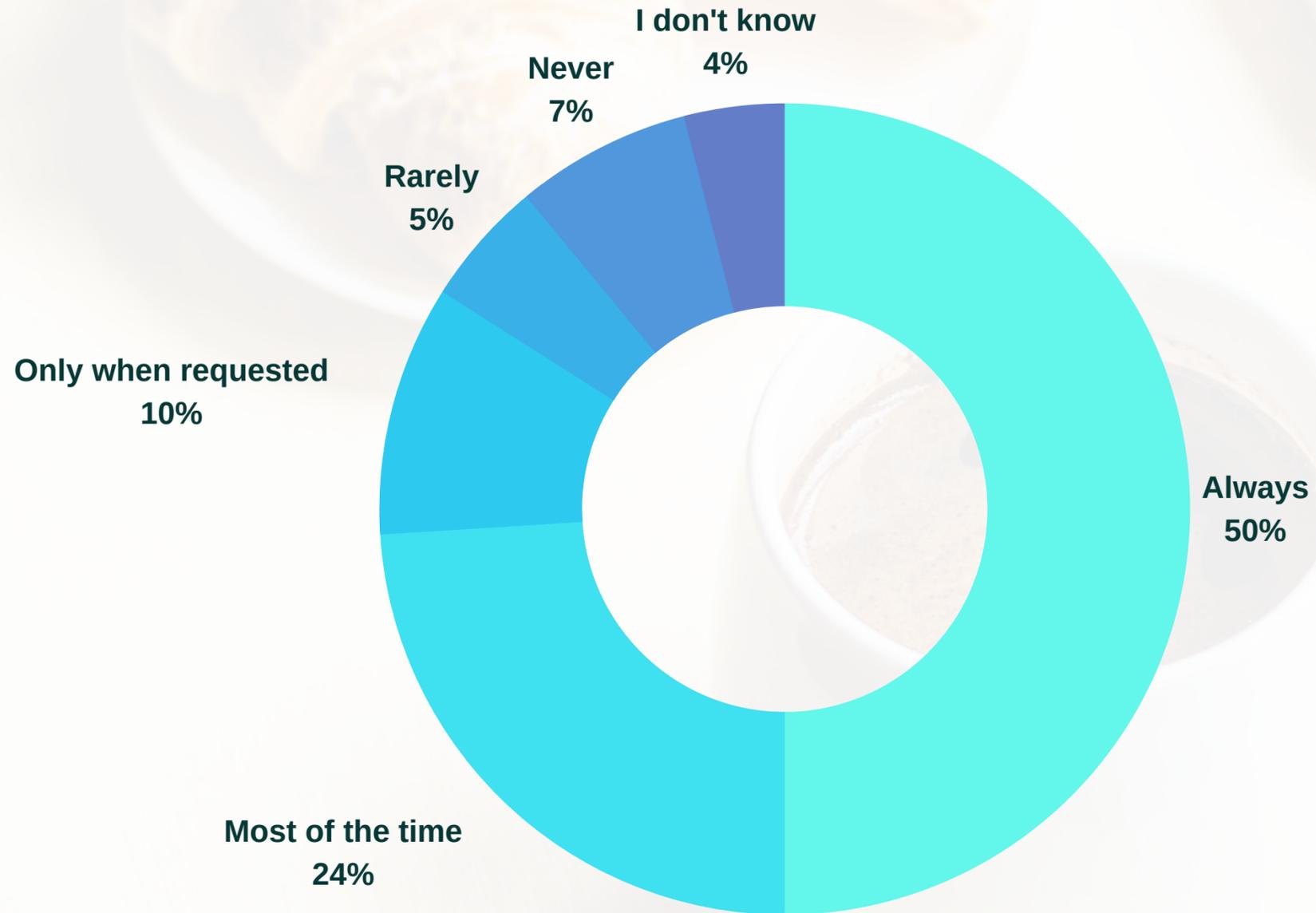
It's interesting to see that just 8% of respondents think that the fact that competitors still do due diligence in-house is a downside to outsourcing due diligence. Obviously, the need to stay price-competitive is really important to title professionals. However, it's important to take into consideration how much it costs in terms of a closer's time versus the potential revenue generated if that closer had more time to focus on new clients.





— MUNICIPAL LIEN SEARCHES

Beyond a title search, do you obtain Municipal Lien Searches or unrecorded municipal debt searches?



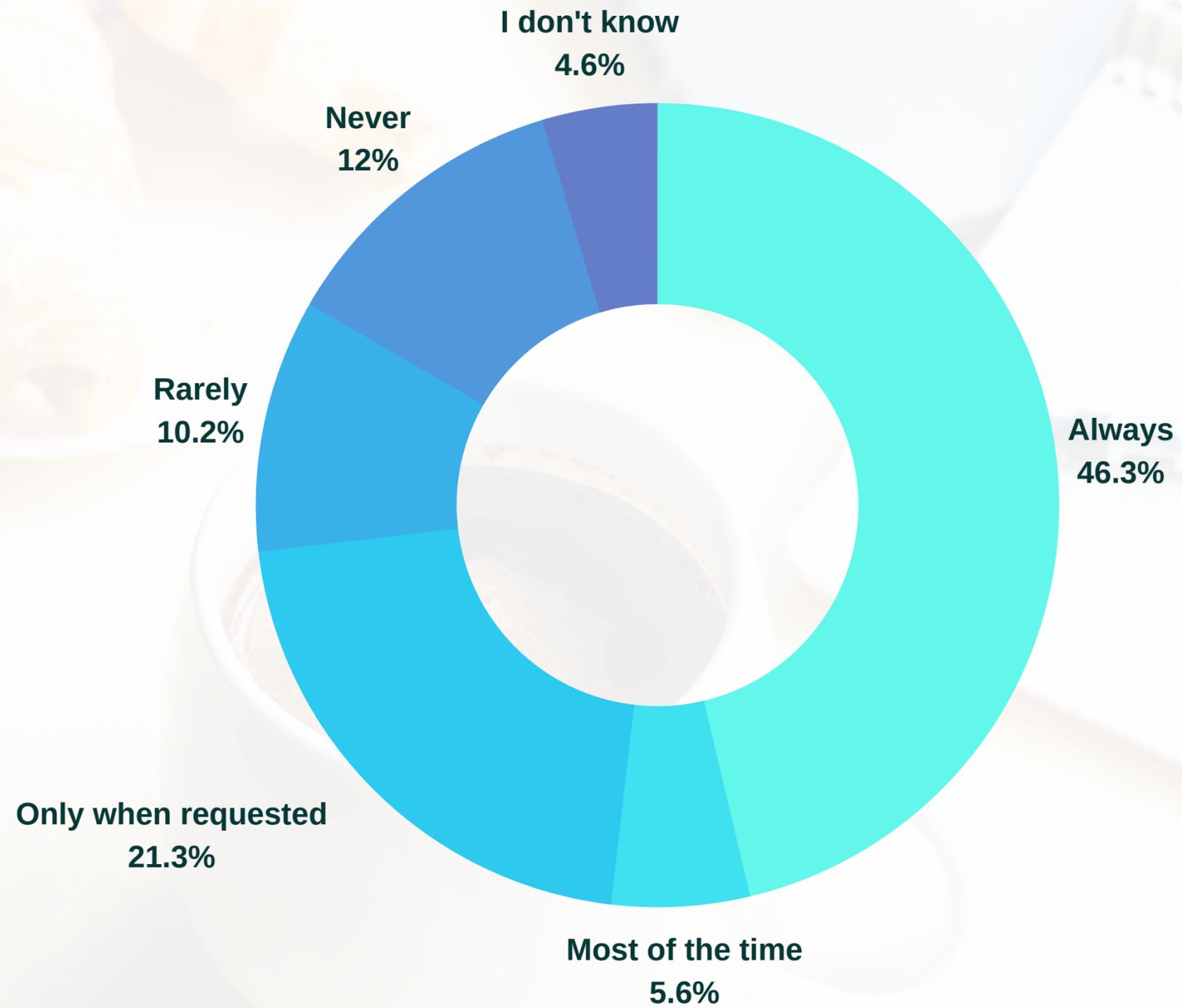
Why Municipal Lien Searches matter...

While every real estate contract is different, we've seen some changes in standard contracts here in Florida to include municipal lien searches. Recently, the Northeast Florida Association of Realtors (NEFAR) added the search to their standard contract. South Florida title agents and real estate attorneys had added the search to their title process years before that.

PropLogix was established years ago by two real estate attorneys after several cases of unreported municipal code violations and liens in the title search became a problem for their clients. They recognized the gap in coverage provided by the traditional title search and began making municipal lien searches a standard of their process.

It's clear from these responses that most title professionals working in this region as well as other areas recognize how important it is to search beyond the public record. 50% said they conduct a municipal lien search always. Last year, 70% respondents stated they always did this search. One explanation for the decrease in "always" responses is that more people doing business in states without this requirement participated this year.

Do you (or your organization) check for open or expired permits, or permit history before a closing?



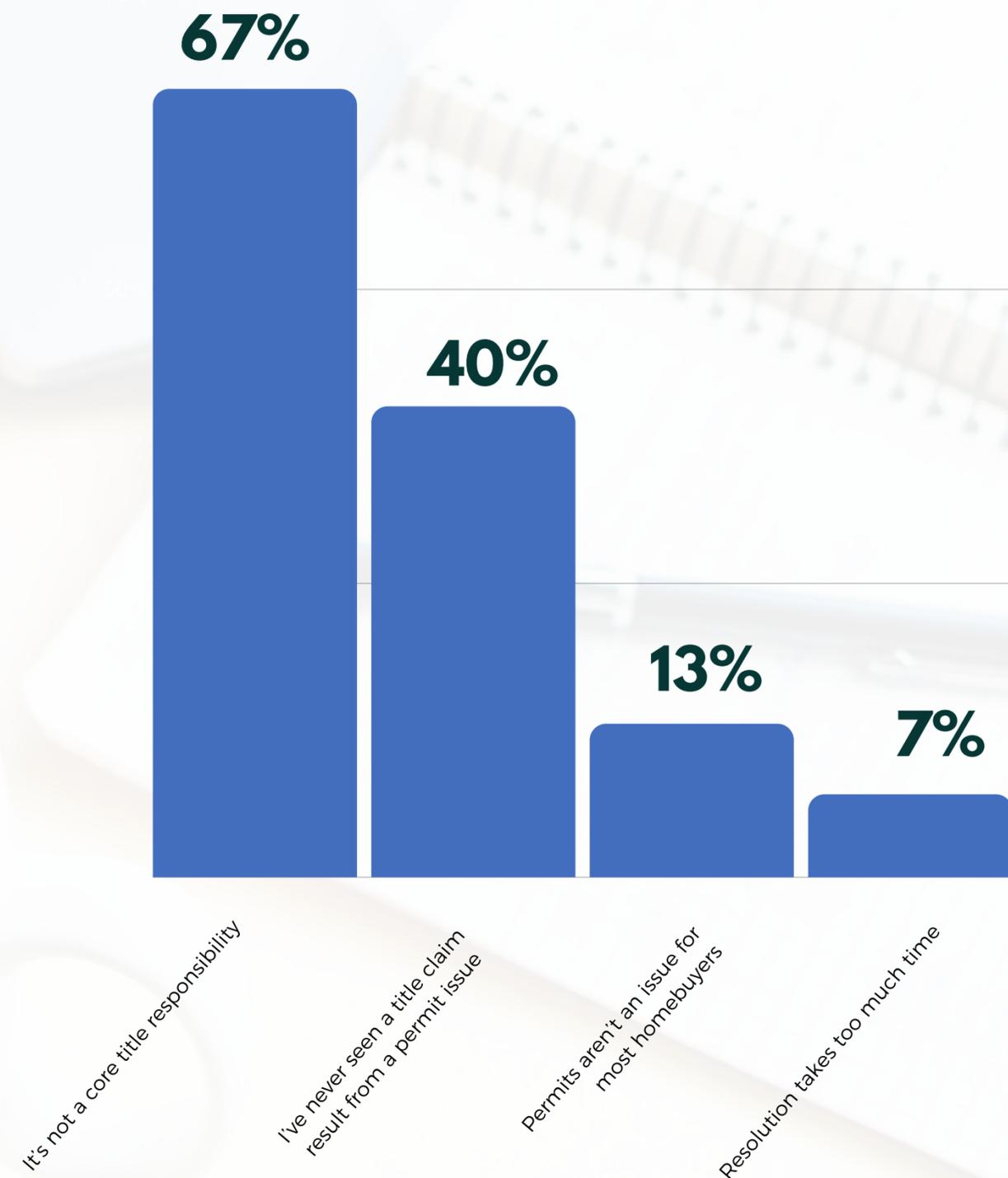
How a permit search can help issue better title policies...

While a permit search is not part of a core title service, it can definitely help to avoid the headaches that come along with a mechanic's lien. Obtaining a permit search will help homebuyers determine if they need to take steps to avoid such a lien being placed on their house after closing, like getting a lien waiver signed by the contractor or current homeowner.

In most states, a contractor has anywhere from 90 days to six months to file a lien against a property for unpaid work. A permit search will help you and your client determine the appropriate coverage to protect against a claim resulting from this type of lien.

Additionally, municipalities in some regions will provide any information regarding building code violations that are pending against the property when you order a permit search. This building inspection differs from a typical home inspection, which will not reveal municipal building code violations. In order for a new homeowner to avoid fines or work to fix a permitting violation, we encourage a permit search to be conducted with every municipal lien search.

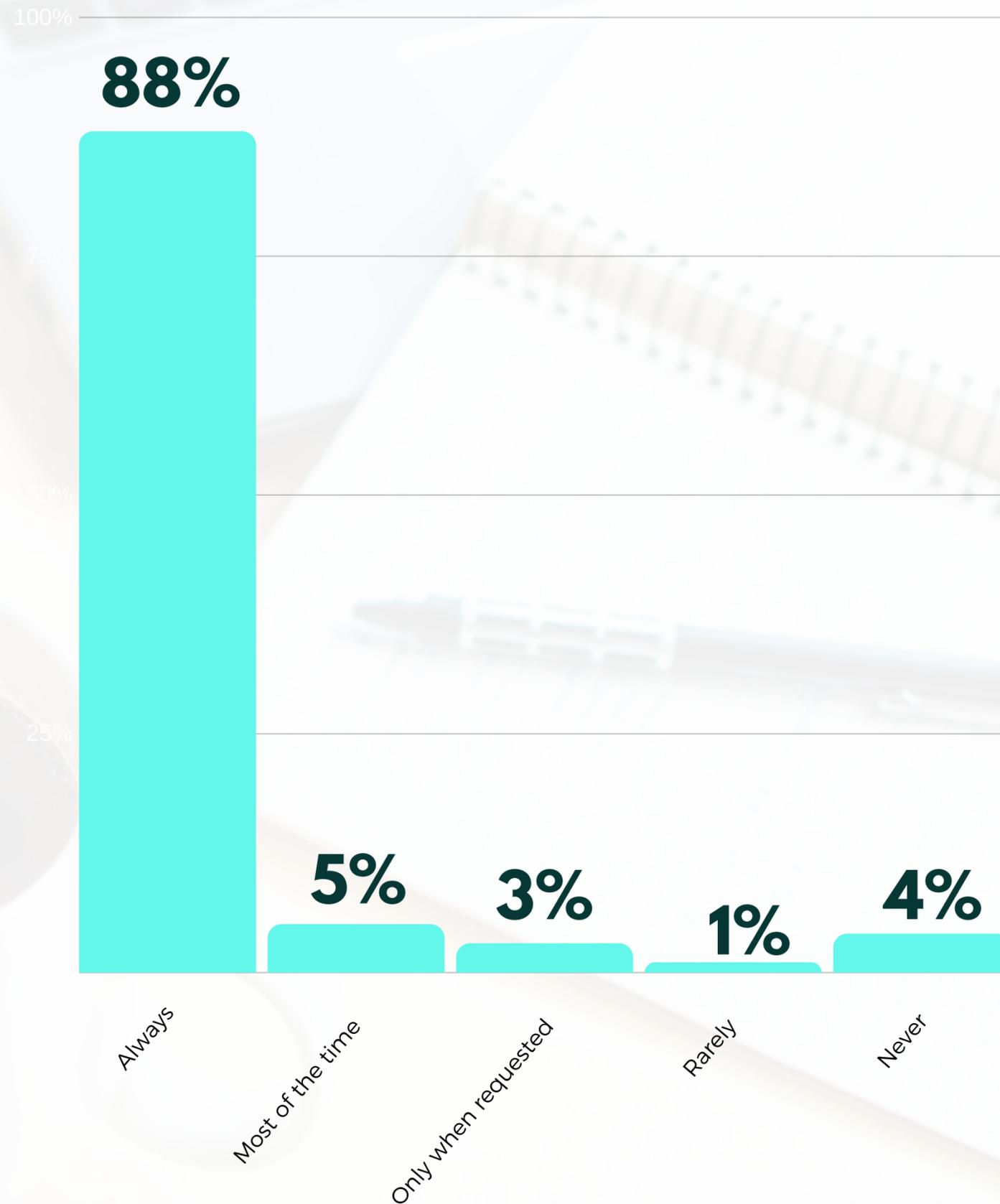
Why do you rarely/never search for open or expired permits before closing?



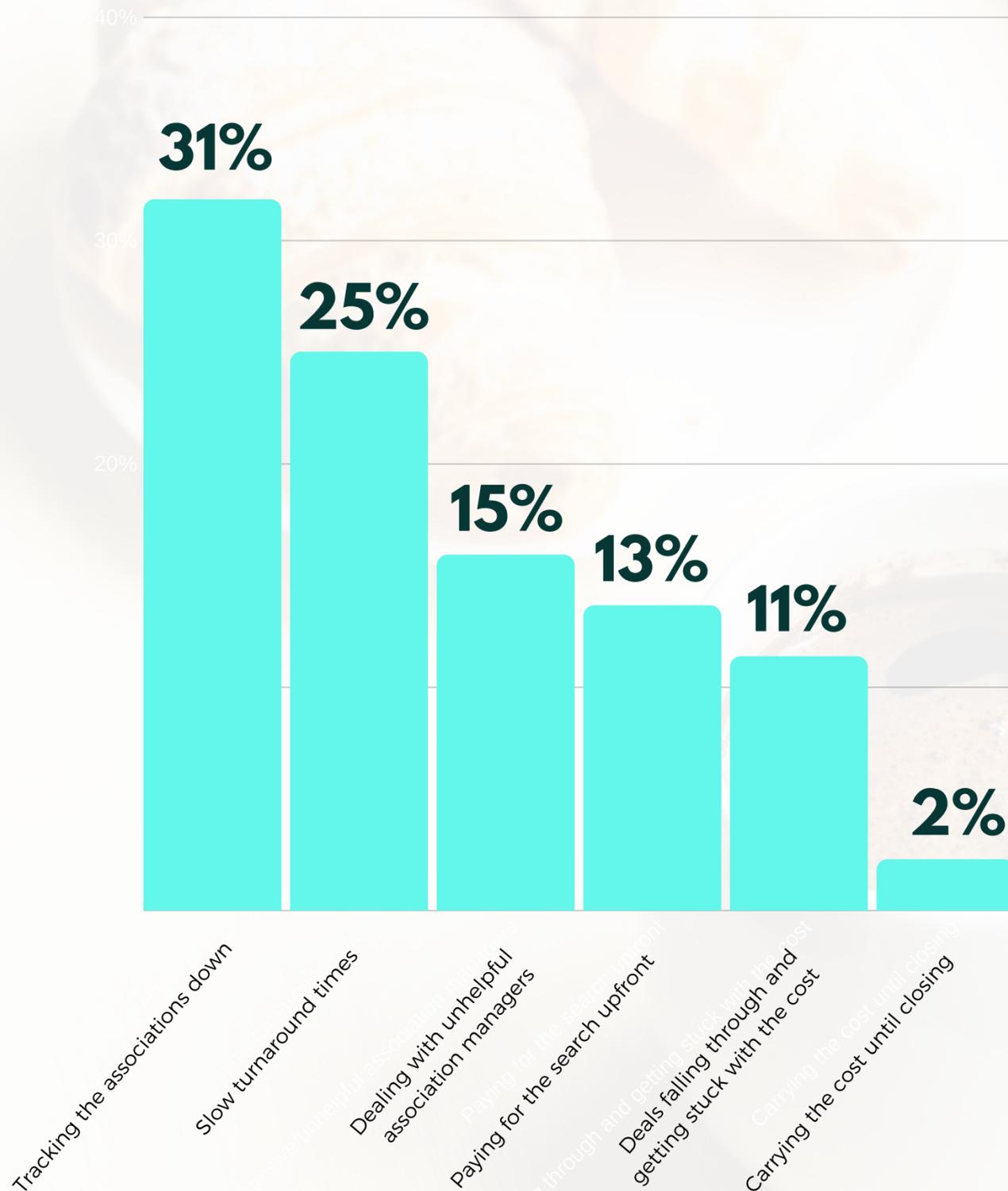


ASSOCIATIONS & MANAGEMENT COMPANIES

WHEN CLOSING A HOME GOVERNED BY A COMMUNITY ASSOCIATION (HOA, ETC.) DOES YOUR FIRM/COMPANY ORDER A CERTIFICATE OR LETTER?



What is your biggest challenge when working with community associations?



Making HOA research easier...

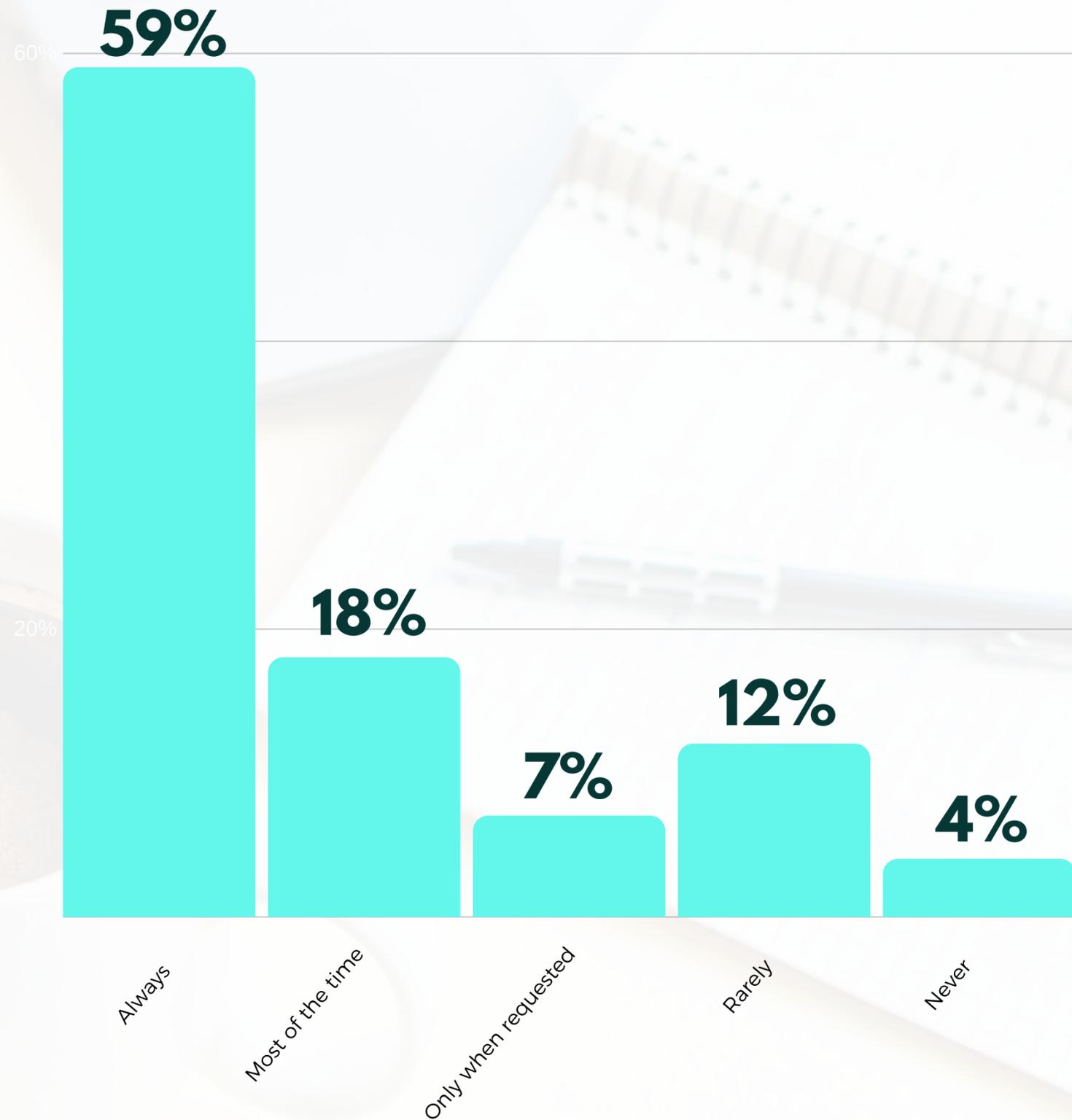
Looking at the data from our report last year regarding challenges working with a community association, we noticed a bit of a switch. Last year, the number one reported challenge with was the slow turnaround times, and the second most was tracking down the associations. This year, we have double the respondents and tracking down associations seems to be their biggest gripe.

What surprises us is that when we looked at what work title professionals are doing in-house, 65% say they still do their own HOA searches, when they can let a third-party spend time tracking down the association for them. This way they aren't responsible for tracking association managers down, or spending time playing phone tag to get the information they need in time for their closing.

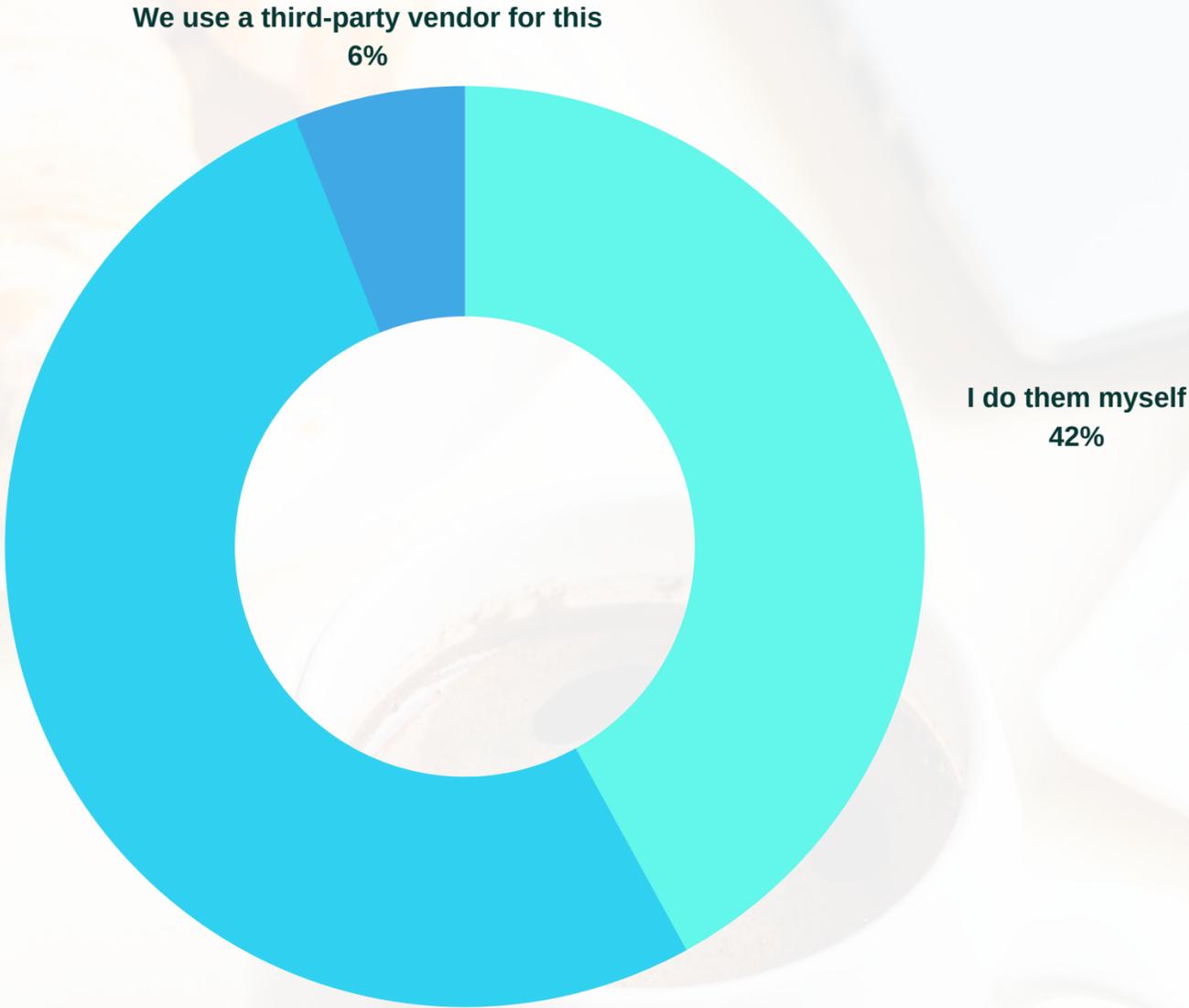


— LIEN RELEASE TRACKING

DO YOU GO BACK TO A FILE TO ENSURE THAT MORTGAGE SATISFACTIONS, LIEN RELEASES, AND/OR DEED RECONVEYANCES ARE PROPERLY RECORDED?



HOW DO YOU TRACK THESE POST-CLOSING RECORDINGS?

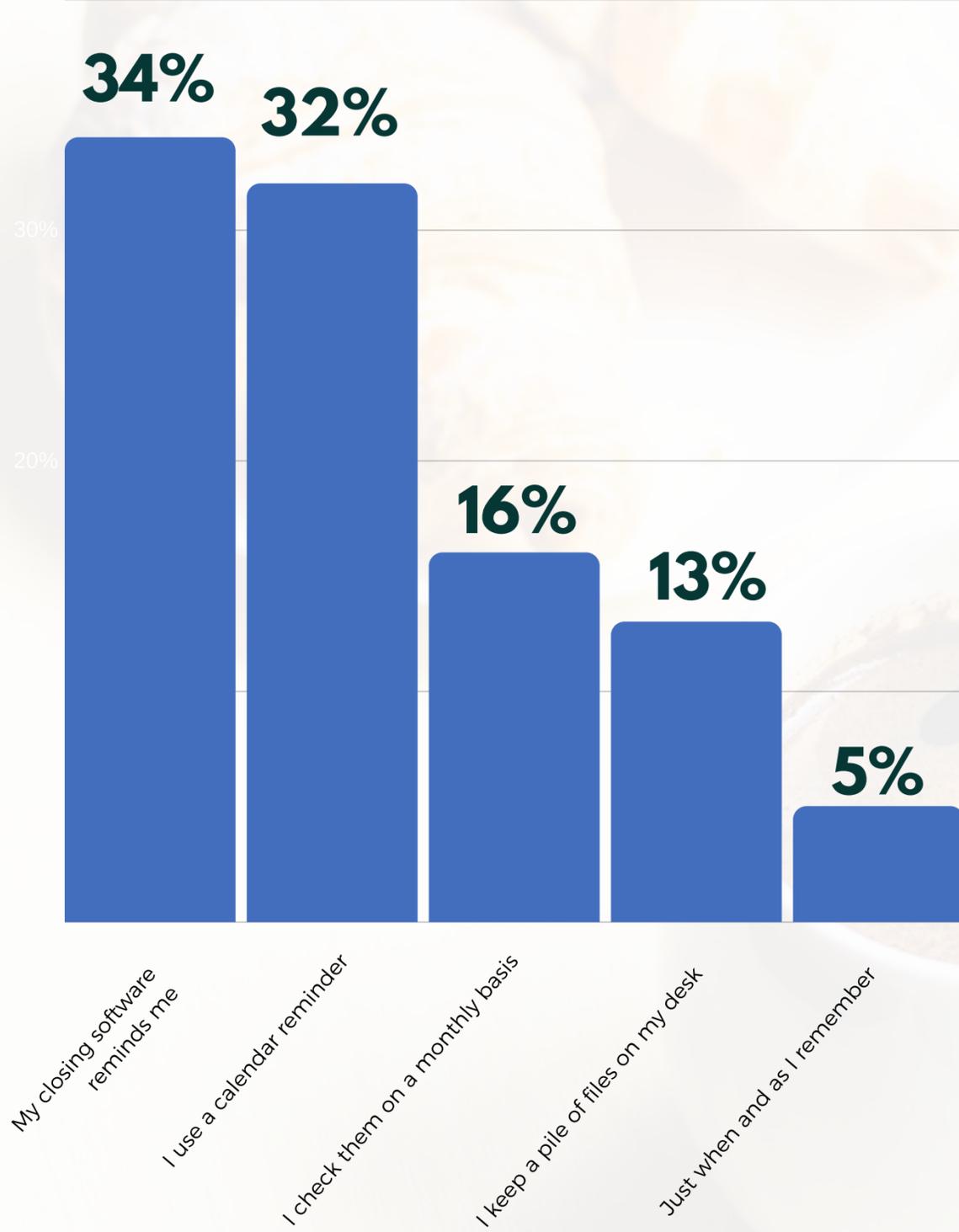


We have a post-closing department/person
52%

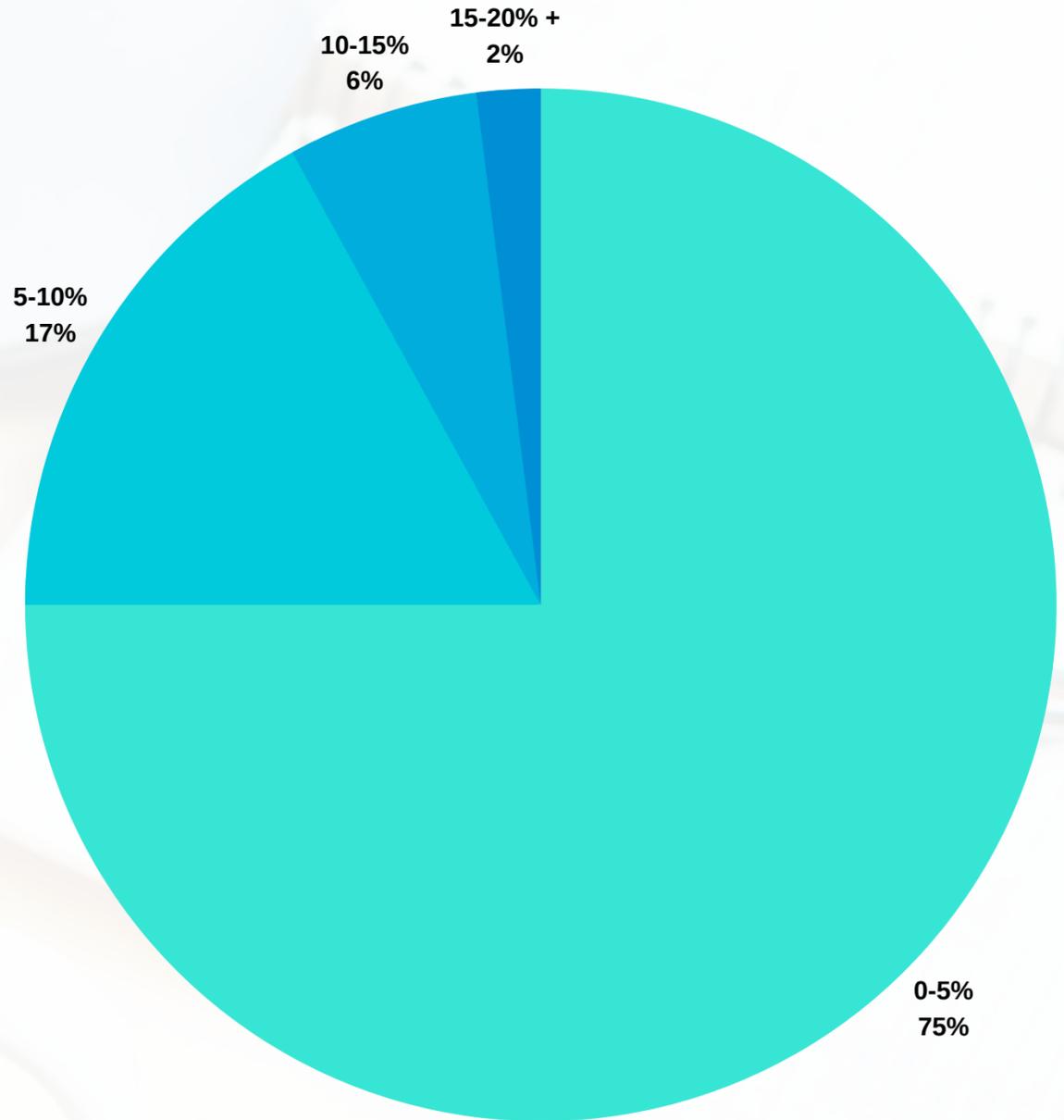
We use a third-party vendor for this
6%

I do them myself
42%

How do you manage tracking these recordings after closing?



How often do you run into issues due to improper recordings?





IMPROPER RECORDING ISSUES

In last year's report, we cited that PropLogix runs into issues with post-closing recordings that require resolution about 10-15% of the time. Now that we have several thousand more lien release tracking orders under our belts, we've actually seen that percentage grow to 20%. That means we find an issue with 1-out-of-5 files, which have, on average, 1.8 instruments that needed to be recorded and consequently need resolution work.

Most respondents say they see issues up to 5% of the time, which means that they very rarely, or never run into issues. Just 25% of respondents report running into issues 5% or more of the time. Seeing the difference between how often we find issues and respondents do, it does make us wonder if issues are more common than respondents may even realize.

This could be especially true if they're either not tracking releases all the time, or not keeping a record of when they run into issues. Early in the report when we looked at how individuals managed efficiencies, we know they're more likely to look at how long a file takes to close rather than individual tasks like checking up with a lender on a satisfaction that was never filed. Follow up and resolution could be taking up much more time than anyone realizes.

**We find issues with
1 in 5
Release Tracking files.**



LOOKING FORWARD



Adjusting for a Consumer-Centric Industry

For some time now, the title industry has been a rather insular industry, serving primarily lenders, realtors, and other real estate professionals. Homebuyers aren't usually the direct consumers of title insurance even though title insurance has a huge impact on their property rights. While many consumers still aren't totally aware of what title insurance is or the settlement agent's role in protecting their ownership rights, the internet has created more opportunities for agents to educate and connect with the homebuyer.

Title professionals who strike the right balance between personalization and technology will succeed.

There have been some major disruptions in the real estate sector by businesses like Opendoor and Offerpad. Their vision of streamlining the real estate transaction process has disrupted business as usual for real estate brokerage companies. It's yet to be determined if the business strategy of iBuyers can weather a downturn in the market. A typical offer from OfferPad is usually about 80% of the current market value, but some sellers see value in selling their home quickly and moving when convenient despite the transaction fee that's similar to a commission fee.

While the business model of these companies are slightly different, improving the real estate transaction for the consumer is at the core. For real estate professionals working on the title side of the transaction, staying competitive means taking some inspiration from these companies and delivering more options to reduce friction for consumers during the closing process.

The current reality is typically a hybrid closing between some electronic documents, wet signatures on a few key documents, and a closing with a notary present in the same room as the buyer and seller, but more homebuyers are demanding a fully digital experience. As more states pass bills to allow for Remote Online Notarization, those in the title insurance industry will want to start laying the technical foundation to meet the demands.

Remember, however, that improving technology doesn't mean that the experience should be any less personal. Homebuying is an emotional experience. Not all homebuyers will be ready for fully digital closings today. Many will want the convenience technology provides while having their hand held through one of the biggest financial decisions of their lives. Title professionals who strike the right balance between personalization and technology will succeed as we continue to shift to digital closings in the real estate industry.

Survey Respondents' Attitudes on Automation

We asked title agents and attorneys if there was any automation they would like to see happen in the title insurance industry. One respondent noted **“Everything is paper! I’m used to scanned files. Working this way is so archaic.”**

While others in the industry are concerned about the progress of automation -- **“This business has gotten too automated. We need to slow down and continue doing our jobs correctly ourselves, individually, to protect consumers.”**

The apprehension on some agents part is understandable, but as artificial intelligence and machine learning become more refined,, some algorithms are demonstrating to be less error prone than a human performing the same tasks.

The mortgage industry has been working to improve the capture, processing, and accuracy of customer data with MISMO standards.

Since 2017, the Mortgage Bankers Association has worked with the American Land Title Association to ensure those standards are reflecting in Remote Online Notarization Laws.

Standardization coupled with automation and specialization will help to reduce costs of doing business for title companies and law firms and in turn lower the prices of title insurance premiums for the consumers.

Working with companies like PropLogix who are specialized in aspects of your title production will improve your internal workflow and help you focus on what matters most.

The title industry is seeing rapid changes, but what matters most will never change: protecting your clients' property rights. Whatever business decisions you make, be sure to focus on how it impacts the end consumer.

The title industry is seeing rapid changes, but what matters most will never change: protecting your clients' property rights.

“The best solution for all consumers would be to standardize mortgage documents so that everything is the same.”

- October Research's “Voice of the Title Agent”

THANKS FOR READING!

Share your thoughts with us...



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