



RELI INC. CEO KENT STEWART IS BRINGING INNOVATION AND EXPEDIENCY TO THE TITLE AND CLOSING INDUSTRY IN ALABAMA.

Reli's Innovations

The backbone of Reli Inc.'s success is bundling title and closing services, creating a one-stop-shop for the many players of the real estate industry. In just 10 years, Reli has become the state's largest residential title and closing company.

BY RUSSELL RICHEY

PHOTOS BY CAROLINE BAIRD SUMMERS

When a company's ethos is "leading industry change" and its leadership brings all the ingredients for a better mousetrap together to work seam-

lessly and effectively, the competition may be in trouble.

And if you are in the title and closing business in Alabama, you may be looking over

your shoulder because Reli Inc. is bringing innovation to almost every aspect of the settlement services process. It's working. In just 10 years, the company has become the

largest residential title and closing company in the state.

Reli, headquartered in Birmingham, provides title, closings and other settlement-related services via 21 branch offices located throughout Alabama, the Florida panhandle and central Tennessee. The company, which like many other players in the real estate industry continues to benefit from the strong domestic housing market, does business every day in all 67 Alabama counties.

“I HATE TO SAY THAT WE ARE BEHIND THE TIMES, BUT WEST OF THE MISSISSIPPI, TITLE AND ESCROW COMPANIES HANDLE THE GREAT MAJORITY OF RESIDENTIAL REAL ESTATE CLOSINGS AND TITLE UNDER ONE ROOF.”

— KENT STEWART, CEO OF RELI INC.

CEO Kent Stewart started the company as Stewart National Title in 1996, changing the name to Reli in 2002. According to Stewart, a 1981 graduate of the University of Alabama School of Law, the catalyst for launching his title and closing services enterprise came from a preference for running a business rather than practicing law.

“I practiced law for a long time and it was the one area of the law that I felt like operated more like a business and less like a law firm and that appealed to me,” Stewart says. “This was the one area that I felt like I could take out of the law practice and build a real business around and that’s how it started.”

Stewart also is no stranger to ventures involving establishing a presence in multiple markets, having launched over 100 Boston Market restaurants in southern California during the 1990s.

And while the idea of taking a title and settlement services company regional is not inherently new — Howell, Michigan-based Metropolitan Title Co. operates in 10 states, concentrated in the Midwest, as well as in Florida and New Hampshire — most providers of title services in Alabama only serve limited areas, providing a ready opportunity for a company that can shake up markets by introducing meaningful innovations in product, price and service.

Under One Roof

The central thrust of Reli’s business model is the combination of title and closing



GIL MURDOCK, LEFT, AND KENT STEWART

services under one roof, a bundling of core services that is already the norm throughout much of the U.S.

“I hate to say that we are behind the times,” Stewart explains, “but west of the Mississippi, title and escrow companies handle the great majority of residential real

RELI HAS GROWN FROM ONE OFFICE IN

1996 TO ITS CURRENT FOOTPRINT OF 21

BRANCHES, EIGHT OF WHICH HAVE BEEN

OPENED WITHIN THE LAST TWO YEARS.

estate closings and title under one roof. And so we’ve adopted that model because we think it is the most efficient model.”

This simple, but fundamental, innovation creates many benefits for consumers and the

various professionals who serve the residential home-buying industry in Alabama and neighboring markets.

In most markets where Reli now has a presence, the company’s business model frequently enables homebuyers to save a substantial amount on their closing costs, according to Stewart. He says that Reli’s flat-rate closing fee, averaging about \$450 depending on the market, often substantially undercuts the traditional formula of 1 percent of the sale price of the home. For example, on a \$150,000 home, the homebuyer would save \$1,050 in closing costs.

Homebuyers may save money on their closing costs even if they don’t go with Reli, since many of Reli’s competitors have had to respond to a new market reality by lowering prices. “Over time, most of our competitors in the smaller markets lowered their fees to be competitive,” Stewart says. “I think the thing that I am most proud of is that Reli has truly made it more affordable to sell,

purchase and refinancing homes in Alabama, which benefits everyone.”

Professionals who serve the real estate industry, such as Realtors and mortgage brokers, appreciate the consistency and convenience delivered by Reli’s many branch offices. “Reli has a bunch of different locations,” says Michael Weber, vice president of Weber Mortgage in Birmingham. “So the one advantage to that is that I can be convenient to my borrower, closing in their area of town, and still feel like I’m working with the same company, even though I’m not using the same people.”

Homebuyers and real estate professionals generally also enjoy a substantial reduction in turnaround time for the title search, which Stewart says has been slashed from three to four weeks down to a few days due to the efficiencies created by Reli’s business model.

“AND IF WE CAN FIND PROFESSIONALS WHO ARE GREAT AT PRODUCING STRONG SERVICE IN AN AREA, THEN YOU CAN BUILD AN OFFICE AROUND THAT TYPE OF PERSON.”

— GIL MURDOCK, COO OF RELI INC.

“Right now the consumer is confused and frustrated with just about everything that happens with a mortgage transaction,” Stewart says. “So the goal is to simplify, speed it up and make it cheaper.”

Growing With a Goal

In an era where the pursuit of meteoric company growth can be more the CEO’s addiction to egotistical self-gratification than strategically sound vision, it’s refreshing to see Reli’s expansion plan, which is highly considered and deliberate. “We’re really trying to do it in a healthy manner,” explains Reli COO Gil Murdock, who joined the company in 2003.

The company’s seemingly conservative growth philosophy belies its record of expansion, however. Reli has grown from one office in 1996 to its current footprint of 21 branches, eight of which have opened within the last two years.

Reli’s approach, according to Murdock, is a “two-pronged” strategy of expansion through acquisition in some markets, complemented by responding to market opportunity in others.

The company looks for exceptional professional talent already successfully operating in growing markets. “All we have in this business is to produce a great service,” Murdock says. “And if we can find professionals who are great at producing strong service in an area, then you can build an office around that type of person.”

The other half of Reli’s growth strategy comes from assessing the competitive dynamics and overall health of a particular housing market, as well as listening to feedback from potential customers in new areas. Stewart explains: “Some of our growth has come just from people approaching us in areas saying there is a need for what you do here, especially in some of the more rural Alabama areas where title searches can take four weeks and in our model we’re used to getting them back in 24 to 48 hours.”

Although Reli’s approach to expansion is easy to grasp, what may not be apparent on the surface of Reli’s growth story is the company’s philosophy of adapting to local business customs within the new markets it penetrates. For instance, while closings in Birmingham are traditionally handled by attorneys according to local custom, in Florida, it’s normal to rely on a lay-person to complete the closing transaction.

“We try to give the consumer what they want, and that really varies from market to market,” Stewart says. “[In Birmingham] we’ve got a great group of attorneys here on staff but our offices where lay-people handle the closings are just as efficient and the consumer is just as happy.”

This flexibility also has enabled Reli to adapt to contingency circumstances, such as in the case of Hurricane Ivan, which forced Reli’s Gulf Shores physical office to close for 60 days. It didn’t keep the company from continuing operations, which were carried out by Reli representatives working remotely using the company’s proprietary Internet technology, i.View, to access documents and keep title searches on track.

i.View, another hallmark of Reli’s commitment to innovation, was launched in 2004, and is designed to benefit Realtors and real estate industry professionals, as well as homebuyers. Murdock calls it a “virtual file cabinet” that enables everyone involved in a residential real estate transaction to have real-time, secured, on-line access to the closing file.

Finding Its Footprint

Given the success of the Reli concept thus far, one might think that continuing rapid expansion would be the daily mantra for Stewart and Murdock, but rolling out a title and closing services concept nationally or

even regionally can get tricky due to the vagaries of state-by-state regulations. Georgia, for instance, is not in Reli’s current growth plans because the state’s Supreme Court has ruled that real estate closings are considered practice of law.

Murdock indicates that Reli will continue to seek opportunities in Tennessee and Florida, and the company also is looking at expansion into Mississippi, but according to the Reli COO, the most attractive expansion strategy may be to let the rest of the country, especially the big national lenders, come to Reli.

“I think it will be more servicing companies across the country that have title and search needs and other title/closing needs here in the state,” Murdock explains. “So it’s kind of becoming the hub of title search work that needs to be done here in the Southeast for these national banks.”

BIRMINGHAM IS “BECOMING THE HUB OF TITLE SEARCH WORK THAT NEEDS TO BE DONE HERE IN THE SOUTHEAST FOR THE NATIONAL BANKS.”

—GIL MURDOCK, COO OF RELI INC.

The increasing “bundling” of service offerings, a nationwide trend in the home mortgage industry driven by technology, also is a strategy Reli is currently evaluating.

“I still think the consumer wants as many services as they can get under one roof, so we are looking at other services we can provide,” Stewart explains. “Through our technology systems, we are actually capable of providing flood certifications, credit reports and automated appraisals. And other services — we are ready to provide those, we’re just waiting for the market to catch up and ask for it.”

However Reli moves forward, though, you can bet it will be with a view toward strategic innovation, and if history is the guide, the odds are the mortgage industry will feel the impact of Reli’s continuing ambitions, while the homebuyer and the real estate professional continue to reap benefits.

“Reli has never been afraid to ‘upset the applecart’ if it brings more value to the settlement service process,” Stewart says. “And we will continue to lead in this area.”•

Russell Richey is an entrepreneur in the marketing research and consulting business. He lives in Birmingham.