

Missing Title

To most in the industry it would appear as though the Title industry is missing the technology revolution occurring in the rest of our industry. So why is Title still operating pretty much as it has for the last twenty years? Why is it missing the technical innovations we've seen for other services like Credit, Appraisal and Flood?

The problems start with how the national title operations are organized. National title companies like First American, Fidelity and Stewart are comprised of both company owned operations and independent title plants. It's the independent plants that are the root of the problem. Most of them have their own computer systems and because there are thousands of these offices, it's very difficult to tie them altogether. There are probably 100 different software applications used throughout the title industry. This is a major issue because it's impossible to automate the industry if we can't tie together all of the title plants in the nation.

Still, the national title operations are hard at work to resolve these issues. Some are mandating that all of their offices use a single software application. Others are building Internet based systems that could interface to the back office systems already in place. Either solution will work but frankly, this change is going far too slowly. It's been under development for several years. As the last segment of our industry to see any real e-commerce solutions, I for one look forward to title offices fully integrating to the loan origination systems. Just think of what this could mean.

Ordering title could become a single click from your LOS. All the data in the borrower file would move right to your local title office. Thus, the title company doesn't have to re-key all the information saving them time. This also helps prevent mistakes and delays that are caused by data being entered incorrectly at the title office. We all know how hard it can be to read a hand written loan application that was faxed over. Once the order has been received, the Prelim Title Report would come back electronically. Important information like legal description would then populate the processing and closing systems used by the mortgage companies. The title reports would be viewable online by all the parties including the Realtor, borrower and loan officers. Each would be given a password to a specific web site to view these documents.

All communications between the mortgage office and the title office would become electronic. Each communication would be tracked for all to review. No more faxes, phone calls and manual emails. When it came to closing the loan, the closing package would also move electronically directly into the systems of the Title offices. They could then review and print the documents. Any last minute revisions could be made immediately while all the parties are still at the closing table. No more botched closings because

the documents weren't correct. Further, this sets up the stage for fully electronic closings with digital signatures.

Ideally, the back office systems of the title industry need to be fully integrated with the back offices of the mortgage companies. When that is completed, we'll see some real efficiency. Imagine that you would know each time a step was completed at the title office and they would know everything of interest to them about the loan file. For example, let's assume an underwriter at a wholesaler firm returns a condition that a title lien be cleared. This condition would instantly be posted into the LOS from the wholesaler through an e-commerce interface. The title company would also instantly find out about this condition and take quick steps to answer it. Next they would post a notice back to the originator that would satisfy the condition. As you can see, the transaction systems of the future not only automate communications but they can actually perform the jobs that humans do today. After all, most of what a mortgage origination company does today is communicate and collect information – a prime area for far better automation.

Appropriately, the title companies are racing each other to be the first to have solid e-commerce solutions. I'd predict that the first to truly build a great solution will create a real competitive advantage in the marketplace – enough that it could shift market-share in this multi-billion dollar industry.

Of course, you can help. Let's keep the pressure on the title companies to speed the development of these solutions. Let them know your company wants a more automated title process and you would like them to help the industry be more efficient. If every mortgage originator asked their title reps to become automated, it might just be enough to speed up this process that has been taking too long.