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In Pursuit of the

Error-Free Close

In this article, we'll explore
things you can do in your
pursuit of the error-free close.

Words from our Co-Founder & CEO Chris Blum

In this business, you are only as good as your people, product, and process. That has been the heartbeat of Action Title research for over two decades.

We've built our teams around excellence, with the goal of always improving. With that I am excited to share this article with you. I truly hope you find it beneficial to you and your team as you like me are on the pursuit for the error-free close.

Please use the attached as a resource for growth and I hope you enjoy the article.

Chris Blum
CEO
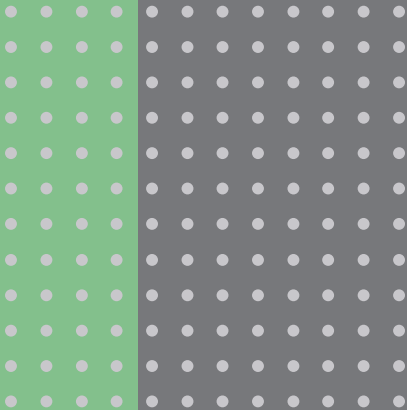
In Pursuit of the error-free Close

In the Title world, "claims" is the dreaded word everyone fears. Consumers purchase title insurance often at the lender's requirement to protect themselves and the lending institution. The costs related to a claim are measured in dollars, lost time, confidence, and even damaged reputation. Underwriters who pay out the claims depend on agencies and, in some states, attorneys to ensure that a property is insurable and that the closing removes outstanding mortgages and liens.

If you speak with any title officer or real estate attorney engaged in closings and ask them what their number one pain point is, chances are they'll quickly offer up errors and omissions. While many are caught or addressed before final closing, after consuming precious time, they could lead to claims costing millions of dollars if unaddressed. Unlike sporting events, such as March Madness, which rewards continued disruption and the element of surprise, errors and omissions that survive through the closing process have no winners. This paper will discuss the common root causes of errors and omissions and how to catch them before they become big problems.

In three areas, errors and omissions can rear their ugly head. This includes Search, Examination, and Workflow breakdowns, whether technical or manual. We'll talk about each and what you can do about them.

First is Search.

This deals with gathering information about a specific piece of property from online and offline sources. Although our world has become increasingly digitized, many records must be manually searched. This is particularly true in the Northeast United States. Searchers must look for outstanding liens, unpaid taxes, easements, claims from heirs, boundary disputes, and encroachments. Search is the foundation of title production. If done incorrectly, the closing process can unravel, which could lead to a claim. So, what do you do about it? First, one should choose searchers who are qualified and well-trained—excellent searchers, whether self-employed or working for another company, build strong reputations and, ultimately, confidence.

3 areas to consider on your quest for the error-free close.

- **Search**
- **Examination**
- **Delivery**
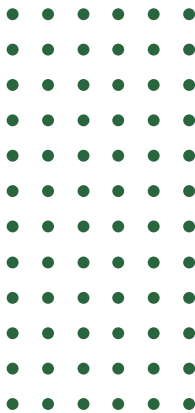
Second, like an airline pilot working through pre-flight checks, the searcher must double-check for items such as mortgages and other liens. Third, secure searcher provided proof points that help develop muscle memory. What you can't measure, you can't improve upon.

An example could be taking pictures of indexes related to a specific property owner. This is where breakdowns can occur, especially when the name being searched is widespread, such as John Smith in Washington County. There could be hundreds of "John Smiths" in Washington County. Then there could be variations of John Smiths, some with middle names not used consistently by the person being searched. A person may have changed their name after initiating a mortgage; the county records might not reflect that. A skilled searcher can often decipher the right individual and hence the right property and any associated mortgages or liens. Taking pictures of the indexes serves to both narrow observations on the part of the Searcher and downstream steps. It also provides evidence to look back upon if issues surface later in the title production process, which requires looking back when understanding the source. Back to our pilot analogy, the copies can serve as a data point in the Title Production black box.

Potential Searcher issues can also be avoided by providing the right tools that make their job easier. This is often where digital online records can help, and technology like AES (Action Enterprise System), whose function is to provide automated title expert checks and balances throughout the title production process.

The second area where errors can occur is Examination

It stands to reason that if the search information coming to the examiner needs to be corrected, it creates challenges. Furthermore, when county searches are performed, the data must be typed in a format that the examiner can work with and absorb quickly. Their job, as the name implies, is to examine the Search inputs for accuracy and completeness to ensure that a property's title is insurable. Introducing the need to type the information presents both a manual step that can slow things down and the possibility for introduced transmission errors.

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The way to address Examination errors is to, first and foremost, ensure that the search results coming in are accurate. An experienced examiner can frequently spot errors and omissions before they become a problem, but they'd prefer that the searches be error and omission-free. Title Production as a Service (TPaaS) companies, such as Action Title Research (ATR), offer solutions, such as SmartSearch™, that deliver pre-typed and importable search results that have been QC'd by ATR's internal examiners. SmartSearch takes full advantage of AES to automate data entry and can intelligently spawn other searches specific to a client's needs. AES was developed with deep technical and search expertise to deliver a proper and holistic search given the context of the property (e.g., location and owners). In addition, it removes any guesswork or deviation from best practices. As a result, the examiner can be confident that a quality control check has already been applied, making their job easier and faster. It dramatically reduces the probability of errors or omissions that can make their way to an underwriter, thus resulting in a claim. The agency can also be relieved of over-taxing staff resulting in higher productivity and fewer errors.

The third area where errors and omissions can happen is in Delivery

That is, delivering the examination outputs that communicate what needs to happen before a close (such as paying off mortgages) and generating a title commitment letter that, in turn, leads to an insured title. Sometimes, in rare cases, these errors can result from technical glitches within workflow software. When that happens, it's generally more than missed errors or omissions; other overlooked information needs to be corrected. The key to avoiding this is to test files, especially during new system releases. Always be in the mode of testing. The other source for these errors is human errors, usually, workers missing a critical workflow step or performing it incorrectly. The way to address this is by hiring and retaining great talent and offering solid training. Modern TPaaS companies help here too. For example, ATR's AES Smart workflows take the inputs from Examination and automatically create a pre-commitment letter using the language relevant to any underwriter. AES maintains quality checks to ensure everything is addressed throughout the title production process.
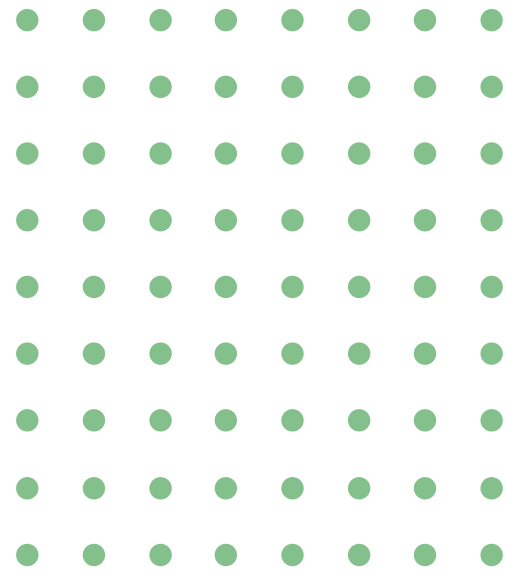
ATR dramatically reduces the errors and omissions that result in claims.

ATR dramatically reduces the errors and omissions that result in claims. In its 20 years in business, with over 1 million searches and counting, the non-claim rate is 99.99999%. That rivals the statistics for an ultra-highly available computer system. Does ATR guarantee an error-free workflow? No, it doesn't. No one can. Errors and Omissions can happen, much like an aircraft can experience a system malfunction. Still, repeatable automated processes with backup checks dramatically reduce the odds of those errors resulting in a claim. Companies like ATR are consistently making strides to improve using expert-informed technology to reduce claim rates, give peace of mind, and help teams to be far more productive.

To learn more about how ATR can help you reduce errors and omissions, please reach out to us by clicking here or visiting https://content.actiontitleresearch.com/errorfreecontact

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