

One Very Smart Title Plant In Every County Is What We Need

On the way from the pen-ruled, hand-posted tract index of 1890 to the imperatives of the 21st century, title companies were somehow ambushed by something called a computer. What's worse, instead of viewing it as a tool they viewed it as the answer, sending them off to an unfortunate dead-end.

Today, computerized title plants are as ubiquitous as barber poles and not that different from the recorder's office. They are impressive to the naked eye, and cheap, man, cheap. They are also postable by guys in Bangalore happy with pennies per hour.

Cheap they are. As the answer for a fixed expense whose enormity has killed off title companies by the score during bad times, they are excellent. When title offices burn down, as happened up in Washington state recently, business can be resumed the next morning using backups. Lack of ability to back up was a serious source of catastrophes in the pre-computer era.

They are also deceptively helpful. These are the animals that make *Forbes* and its readers claim that anyone with a browser can do title exams in their lunch hours. They can't, of course, but they think they can. Quickie chains can be put together in seconds, lien findings assembled soon after, and some sort of title finding can be made, which worked fine for the fly-by-night title office of the last twenty years. But not now.

The computer plant is what Jay Sibley of Title Data Inc calls a "thin plant." He's being generous. What's missing is a serious look at incoming documents to see what they do. Or, often, what they were meant to do. And, often, how they relate to other documents. All documents are not simple transfers or simple encumbrancings of simple outlines by simple and known parties. Computers handle those that are with some dexterity. They don't handle the others.

Put simply then, one of the main differences between a thin plant and a Millennium Plant is the amount of work done at posting.

Work not done then must be done later at exam time. This is expensive, redundant, and much less intelligent and discerning.

Yes, many of the issues are economic in nature. These issues require much more space than this short piece. But a company with a market share of 5%, large for major metro areas but small for smaller cities, cannot afford a Millennium plant. A market share of 40%, felt by the *Private Letter* to be a reasonable break point, demands a thick plant, and, for other reasons, a Millennium Title Plant.

The closest thing to a Millennium Title Plant today is the SKLD plant in Denver. Begun as a four-way cooperative among underwriters it is now a multi-county behemoth running Houston-based Title Data software. It covers the entire Eastern Slope of Colorado, and more. It is totally arbed in many counties working to computer-based maps, and offers users a number of product options. Users can decide which counties over what time spans they require and which doc copies they want on their own servers, etc., etc..

SKLD is professionally managed and superbly maintained. It has not, as far as is known, moved to require users to aid in the posting process, required users to prescreen documents before recording, improved on grantee ID, or done a number of other things Millennium plants will do.

SKLD knows its market share in the metro Denver counties and we do not, but it may be close to 90% in core counties, making it able to do anything it needs to do.

Ownership and control will be serious issues. They have been for SKLD and will be for Millennium plants. Unable to persuade the Department of Justice that it meets the "exclusive facility" test, SKLD is required to check with DOJ as it changes prices. Through company consolidations ownership of SKLD has become concentrated and such exigencies will have to be provided for in Millennium plants.

Yes, on the matter of one good plant in every county we will have the FTC to persuade. It has long believed that as long as title

companies were fighting with one another for ownership of property data, all was well. The major underwriters have been only too happy to comply with this easily-satisfied condition, achieving their aims, appearing to be first-class citizens, and avoiding having to talk about concentrated market shares. The FTC will have to be talked to, but if logic and reason count,

they will be persuaded. No community should have to pay for two title plants any more than it should have to pay for two recorder's offices.

The Millennium Title Plant can do much more if it has the full support of all local title firms. There is more to do. For example, the criminal element has not yet discovered how transparently vulnerable grantee IDs are, but they soon will. What worked in an English village in 1745 doesn't do it today. The Millennium Title Plant will identify grantees (actually, all incoming interest holders) so they can be positively identified when they come in to convey or release their interests.

The Millennium Title Plant will collect unrecorded and unrecordable documents. Including purchase agreements, trust agreements, affidavits, closing agendas, maps, photos, etc., that will clarify and supplement the chain of title and provide assurance and support to follow-on title insurers.

Nervous grantees can ask the county for redaction to their heart's content: the Millennium Title Plant will not be public and will not offer or provide or require it.

There is much more. The Millennium Title Plant has many more parts and pieces, many novel features, and a novel management model.

The Point of Beginning.com must take it from here. It is being rigged to manage development and implementation of this and the other Millennium initiatives. You will have to be a title person to participate. You will have to be subscriber or a TPOB member to participate. If this subject is interesting to you, you will want to take part. ♣

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