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Title Industry Changes Affect Surveying

Several changes have recently occurred in the land title industry. What caused these changes and what impact they have had on the boundary surveyor are the topics that this article will address.

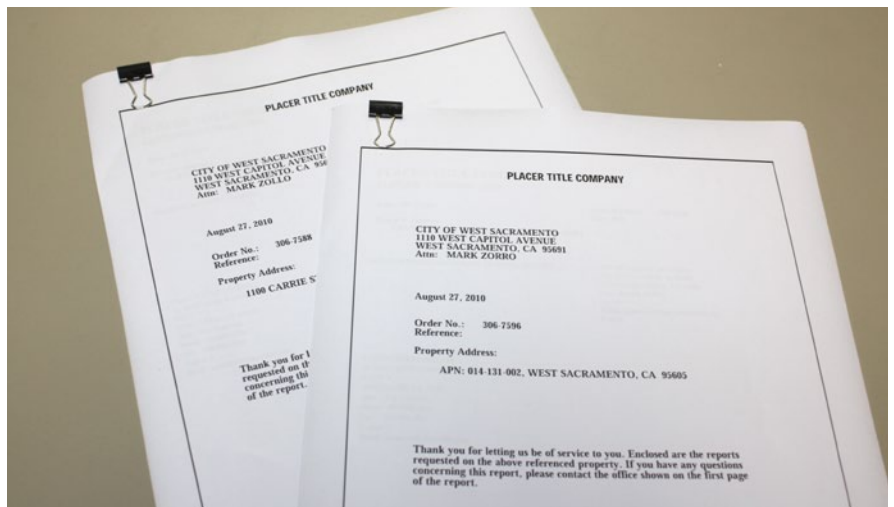
The land title industry is the group of companies that offer insurance to the purchaser of a parcel of real property. This insurance covers costs incurred if the seller doesn't have clear title to the parcel being purchased. It often includes a number of exceptions to the coverage that may correspond to exceptions in the grant deed used to convey the property, but it frequently includes other items. The offer to insure a parcel transaction is typically made in a document called a *preliminary title report*.

A boundary surveyor will often use a preliminary title report or other documents and services from a land title company to determine the location of the parcel boundaries. The land title industry depends on land descriptions and survey maps prepared by the surveyor to determine the location of and title to parcels of real property they insure.

Changes

Three major changes in the land title industry that have significantly impacted the boundary surveyor: widespread consolidation, offshoring, and increased competition.

On January 8, 2010, an article on www.thetitlereport.com reported on the merger of seven different title companies into a single company, First American Title Insurance Company. Such consolidations often result in the closing of title plants and reduction in staff. Land title officers with an excellent knowledge of local land



Preliminary title reports are frequently used by boundary surveyors to locate documents that impact ultimate boundary determinations.

title and good relationships with the local land surveying community have been terminated or relocated to far away title plants or offices. Before this consolidation, preliminary title reports from different title companies would be created using documents in separate and independent title plants. This variety offered some degree of redundancy and quality control. (If a document was not found in one title plant it might be found in another.) Dan Dolan, a long time professional of the land title industry, explained this redundancy has been largely eliminated. Different companies now insure title and create preliminary title reports based on the same set of cadastral documents managed by the same third party.

Like other American industries, the land title industry has utilized offshoring as a way to remain competitive and



Many local land title insurance offices like this one have closed across the country in areas hard hit by the housing crisis.

increase profits. According to Dan Dolan, most preliminary title reports for residential parcels in America are now assembled overseas, while preliminary title reports for commercial, industrial or government properties are handled by land title officers in the United States. On October 5, 2010, writer Dave

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Pelligrinelli of commented on this trend on TitleSeachBlog.com:

“First American is still increasing its offshore title processing capacity, and Fidelity announced today that it currently has 800 title searchers in India, with plans to increase that to 1,800 next year . . .

[Fidelity now does] detailed property title searches and other value added transactions like title policy underwriting and engineering, database management, mortgage and tax services [and] is developing software to process title insurance policies in India for the US market.”

Increased competition is the third major change that has occurred in the land title industry. As the economy has slumped, the housing market has tanked, and competition for the few land transactions has increased. Title companies that were once willing to offer special title services to the boundary surveyor, often at no charge, or to create a quality preliminary title report for a very affordable price, now often refuse to do so.

Causes

The collapse of the U.S. real estate market, the move to digital land records, and changing roles have led to significant changes in the land title industry. Title companies, like land developers, have borne the brunt of the financial impacts of the real estate collapse. In parts of California some title companies disappeared literally overnight as a result of the collapse.

While the gradual move to scanned cadastral documents and digital land records allows for greater access and efficiency, the down side is that it becomes easier for title companies to consolidate and move land title operations overseas. Roles are changing, too. During the housing boom title companies got used to the easy money. For example, a company could prepare a preliminary title report on a parent parcel that was being subdivided, then sell the title policies on the newly subdivided parcels for little work and little risk. Once the easy money has been tasted, there is little appetite for going back to the old way of doing things. Many of today’s title companies show little interest in dealing with the difficult title problems that the boundary surveyor frequently experiences. It is just too much work for the money involved.

What impacts will these changes have on boundary surveyors? Stay tuned for my next article, in which I’ll examine ways surveyors can deal with these changes. *A*



Which came first, the road or the railroad? It is becoming increasingly difficult for boundary surveyors to get help from land title companies in answering these types of questions.

