



## Technology adoption gains ground in new RESPA world

Title agents were forced to upgrade their systems or, worse yet for some, purchase entirely new platforms to support the regulatory changes. However, the untimely cost became an investment that has many benefits.

For agents across the country, the reality of the RESPA final rule finally set in around November or December 2009. Hopes for an implementation delay began to wane industry-wide, and Jan. 1 went from being an unlikely deadline to becoming an immediate threat.

For many in the title insurance industry, the regulatory change was partnered with the need to upgrade production platforms to support the new forms and processes attached to the final rule. However, for others who had resisted technological advancements to date and were working off of legacy systems, the new regime meant a massive expense in the adoption of much more sophisticated solutions than what they had been working from before.

“Last year, in particularly in the last couple of months leading up to the changes, was quite hectic on every front for existing customers and new customers. Change always is good as it relates to technology. It gives providers an opportunity to show what they do and really accentuate some of their necessity in this process. And this was obviously a big one,” said **Paul Bandiera**, chief strategy officer for Plano, Texas-based RamQuest Inc.

The hands of many were forced by RESPA and the necessity that came with it for agents to adopt more advanced technologies in their offices. So, as it turned out, the rule that was written specifically to help consumers in the home-buying process has also become one that holds unintended benefits for the title insurance industry at-large.

### The RESPA push

That benefit did not come cheaply, however, noted **Barbara Miller**, co-founder, president and chief operating officer of Annapolis, Md.-based TSS Software Corporation.

“The value of this benefit must be considered in the broader context of the enormous costs that RESPA reform has imposed on the industry at a time when it could least afford such new and additional costs. So, our observation is that a significant percentage of settlement services providers have taken a minimalist approach to technology changes,” Miller said.

While many may not have yet taken advantage of the options available in the tech marketplace today, Miller said many agents rather upgraded to what was necessary to comply with the RESPA final rule.

At the same time the industry accepted that the new RESPA would become a reality, **Jennifer Dumas**, senior vice president of product development and customer care at PropertyInfo Corp., a Stewart company, noted agents also realizing the extent of the regulation’s reach and how it would vastly change how they conduct business.

“As people started learning and realizing it was not just a form change, that started making them look to their software to handle a lot of the process changes for them. We definitely saw a surge in software sales in the November and December 2009 timeframe, Dumas said.

## Technology adoption

As anticipated, title technology providers soon saw a rush of orders by companies trying to meet the Jan. 1 RESPA implementation deadline. New customers were often agents that were using old systems whose developers were no longer in business or even platforms that were based on DOS or UNIX operating systems, Dumas said.

“They were custom-built systems that weren’t being updated by their vendors, or they couldn’t even find their vendor. It created a new group of folks who had a reason to move on to newer technology. We had some cases where people didn’t know how to use a mouse. It definitely caused an increase in our software sales as people moved to more advanced software,” she said.

At Raleigh, N.C.-based SoftPro, a Lender Processing Services company, President **Joyce Weiland** said there was a migration of more than 500 new customers that faced difficulties upgrading their original systems to comply with the new regulations.

“Although no business likes to be forced into a certain situation, I’m sure looking back that many of them are glad that they made a transition to a new technology,” Weiland said.

Bandiera said RamQuest saw that a wave would be coming and prepared for it accordingly, especially concerning an expected influx of new customers that would wait until late 2009 to be sure the upgrade was necessary.

“We had to look at new implementation styles because we knew there would be people who would wait until the 11th hour who could not go through a typical implementation that would take more time and would have to be implemented pretty rapidly,” he said. “I am proud of not just the way it was handled here, but also within the industry and that the title companies, maybe some later to the party, recognized the impact of this and what it really meant to their day-to-day operations.”

## Hesitation and acceptance

Thanks to the RESPA push, the industry today looks a bit different than it did just one year ago, when many agents across the country continued to shirk from embracing the

technological advancements that have been made by its vendors.

Dumas said adoption overall for the title insurance sector is looking pretty good.

“One of the great opportunities it created was for folks to get the technology they need to do business. There were those who were lagging behind. With the change in the new HUD-1, it forced title offices to relook at how they are doing business today and how they need to change and operate in a new way,” she said.

While hesitation was felt by many, especially due to the industry’s overall economics and belief that the RESPA final rule would be delayed, the “if it’s not broken, don’t fix it” attitude vendors once encountered has been notably changed.

“They didn’t necessarily have the need or opportunity before to go in and examine their technology,” Bandiera said. “A lot of them looked at technology as an expense instead of an investment. Now this is something that’s on the table that tells them they have to do this and it bought them into a new way of looking at technology.”

The switch in dynamics is one Bandiera noticed at RamQuest’s recent user groups, where the cost of technology has now become an investment in the eyes of customers who are realizing the greater efficiencies they can garner and high quality of products

they can offer.

“You may look at your phone as just an expense because you have to make phone calls, but what you do with that phone is beneficial to your business when used properly. It’s the same with technology. Yes, it’s a piece of software, but implemented properly and used as a tool, it can provide you the things you’re looking for as far as a differentiator of services or reducing cost within your organization,” he said.

Miller warned, however, that there is still a long way to go with overall adoption of more advanced systems, something again documented in the way agents adapted to RESPA. One manifestation of that can be found in the nearly 5,000 new users that have signed on to TSS’s

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FreeHUD1.com Web site since November 2009 and continue to use the site for production purposes.

“This is a 25 percent increase in the number of industry professionals using our systems. While this technological offering has clearly provided many settlement services providers with a quick and economical means of complying with the new rule, its widespread adoption also reflects a degree of market uncertainty and hesitation – or inability – to make investments in more sweeping and costly technology upgrades,” she said.

Weiland also noted that while all title businesses had to seek upgrades to support the RESPA changes, diminished sales have most likely left many struggling agents in the wings.

“At this point, any firm in business has had to adopt the new format, so they have had to seek new solutions as well as training. I still believe that business was very slow in the first quarter of the year and a number of firms have probably been struggling with less-than-ideal solutions. There will be plenty of opportunity for companies to migrate off the weaker solutions as business picks up,” she said.

## Using what’s available

While there remain many agents who will face the decision of whether to make additional upgrades to their technology platforms down the road, those who have taken the plunge have exposed their businesses to new opportunities they didn’t possess before.

Bandiera said the frenzy that once surrounded the RESPA changes has been replaced by a frenzy of opportunity as RamQuest customers realize the new functionality they have to create efficiencies for their businesses and customers.

“There are hundreds of systems out there if you want to generate a HUD-1 or print out escrow checks. To really facilitate and accommodate what needs to happen in this new world, you need to be able to manage your workflow and business and use what you have to market your business. [Agents] didn’t correlate that to their technology investment before, but that’s because the functionality wasn’t there with their old systems or they didn’t incorporate that into their day-to-day process,” he said.

Now as the correlation between technology and business efficiency is starting to become clearer, the vendors noted some of the offerings they believe are underused by their customers despite having the technology at their fingertips, including the ability to

speed up the entire transaction management process to better collaborate with loan originators and other customers, especially under the new RESPA rules.

“We’re seeing a lot of movement toward that because there’s not time to iterate back and forth through this. Your mistakes are very visible and now there is a penalty associated with them that you didn’t have before,” Bandiera said.

At TSS, Miller said advanced management reporting tools provide agents with substantial advantages from a business intelligence standpoint. “Agents using TSS’s production systems build huge databases that represent a means of making better informed decisions with the proper reporting tools. We recently developed a new professional services offering to help our customers make better use of the vast amount of information available to them,” she said.

Weiland said one underused tool at LPS SoftPro that she anticipates becoming the cornerstone of the company’s application in just a few years’ time is its business-to-business data and document exchange. Though its SoftPro 360 portal, the vendor creates a paperless environment for its users.

“The passing of data and documents in an electronic format will cut down on printing, drive down costs and certainly make our customers more productive,” she said.

Two areas of focus at PropertyInfo Corp. are reducing costs and increasing revenue for its users, so Dumas said functionality agents should take advantage of include AgencySecure, which monitors escrow theft and mortgage fraud, as well as the company’s streamlined title search services that automate the search process. Other marketable solutions include its GFE ExpressQuote the SureClose document management system.

However, in addition to functionality, Dumas said Stewart encourages its customers to use its marketing tools and sales training. “Sometimes our agents don’t know how to market themselves very well. And many times they don’t have the marketing staff or the advertising dollars to create the presence that they need in their market,” she said.

While there may be a long road ahead for full adoption of the solutions available as the market improves and business returns, the push is in full-swing and so is the shift in perception.

“We’re being seen by customers much more now as a business partner than a technology provider,” Bandiera said.