

ALTA Critical Issues Study

More than pushing a button: Estimating the time and complexity of clearing title

KEY TAKEAWAYS¹

While the use of technology to research title issues has increased dramatically, a significant amount of labor-intensive analysis by expert title professionals is still needed to provide homeowners and lenders with assurance about their title. This first-of-a-kind study estimates the time needed to research title and close a transaction. It also estimates title professionals' extraordinary efforts to fix title issues (often called curative) to protect a homeowners' purchase—often one of their largest assets. In the first quarter of 2024, the American Land Title Association (ALTA) and ndp | analytics conducted an online survey to better understand the work conducted by title insurance companies. This nationally representative survey received 674 responses from ALTA members and businesses in the broader title insurance community.

The key takeaways from the research are below.

1. **A significant amount of effort goes into researching title and closing a transaction.** When buying a home, Americans want to know they own that asset; title insurance provides that assurance. Adequate research requires more than an online search of public records. Title professionals invest significant time researching and clearing issues to ensure a clean title. On average it took 22 hours of work to close a standard file in 2023. That time burden more than doubled, on average, to 45 hours for difficult files, which require substantial nonroutine ("curative") work.
2. **36% of all transactions require extensive nonroutine title clearance efforts.** Since many title issues can be discovered and potentially fixed prior to closing, title insurance companies invest heavily on upfront title research and curative work. Difficult files, which require considerable curative work, are prevalent. In 2023, companies estimated that 36% of files were difficult, on average.
3. **Curative work requires more resources than it did five years ago.** The biggest changes were cost, volume, and the compliance burden. In 2023, approximately 64% of title insurance companies expressed that expenses related to curative work have increased. This is likely driven by the increased cost of labor; the average wage in the industry has risen 16% in the last five years. Over half reported increases in the shares of transactions that require curative actions (55%), the compliance burden (54%), and the complexity of curative work (54%).
4. **Nearly all title insurance companies conducted curative actions often or very often; 62% of these companies typically performed at least four curative actions per transaction.** The most common types of curative actions resolve issues related to loan payoffs, property taxes, and home owner association dues.

¹ Supplement to: ndp | analytics. 2024. ALTA Critical Issues Study. More than pushing a button: Estimating the time and complexity of clearing title. April.