



# **RUNNING FROM THE FUTURE TO THE SAFETY OF THE PAST**

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## **Now is the Time to Celebrate Innovation**

Innovation has improved products, services and processes; improving manufacturing capability, production efficiency, capacity, quality, distribution, delivery and pricing advantages for hundreds of years. Seldom is the status quo associated with innovation.

The most obvious example of innovation is the internet, and the proliferation of on-line shopping, which has allowed thousands of small and large companies access to millions of consumers. Access may be direct, and other times through aggregators such as Amazon. But, it is always driven by consumer choice.

Who among us has not purchased on-line...a significant departure from our loyalty to longtime favorite retailers? Who among us has not benefitted from improved on-line selection, convenience, pricing and delivery?

Our nation's economy and evolved purchasing habits has had its costs, most often in the form of excessive status quo staffing and outdated status quo brick & mortar retailing, but innovative change has always taken place in a manner providing the consumer with alternatives in purchase and sale opportunities.

The innovation of *iBuying* in the housing market is new and still developing, and although targeting 10% of the residential real estate market in coming years, is in its infancy. However, *iBuying* provides a valuable alternative to home sellers and Realtors.

*iBuying* allows the consumer to avoid lengthy listings, multiple showings, costly repairs, expensive closing costs and the potential for the traditional retail buyer to change their minds or fail to qualify for a loan.

*iBuyers* reduce time and costs involved in the "instant" purchase of a home, and for this convenience, charge a fee. The fee, and the role of certain transaction-closing services, differs within the *iBuyer* market, and will continue to evolve based on how the consumer votes...with its dollars. Realtors will come to offer their customers a choice: the traditional home sale process or an immediate cash sale.

The concept of a convenience fee, providing for consumer choice, is opposed by the status quo of lenders, title insurance companies and to a lesser degree, some Realtors, who predictably oppose the innovation of change, notwithstanding the obvious benefits of choice to their core customers.

Oddly, in isolated cases, some industry analysts and academics are aligned with the status quo in criticizing the "cost of convenience" which indeed changes the traditional purchase and sale model...in favor of consumer choice. The criticism is generally focused on the *iBuyer's* business model, the purchasing power of their capital, their accounting methodology and the potentially negative impact on the status quo.

Perhaps these analysts also oppose on-line shopping...due to shipping charges...or an otherwise propensity to simply oppose change for the sake of opposing change. The reality is that the *iBuyer* markets represents a sound alternative to the status quo of home selling and mortgage lending, and it is the forthcoming competition between *iBuyers themselves*, and the status quo, that is consistently overlooked as a consumer benefit by critics.

The nuts and bolts of the *iBuyer* business model are easy enough to investigate, and in some circles easy to oppose. A safe assumption is that an important goal for *iBuyers* is the reduction of "traditional" closing costs in order to minimize the convenience fee. However, alternatives to the status quo throughout history have been uniformly positive for consumers.

Especially if the consumer needs money from the sale of their home, and finds the convenience fee irrelevant under circumstances that might include job loss, loan default, home foreclosure, serious health issues or an immediate opportunity for new job that requires the sale in order to purchase a new home out of state.

Perhaps the analysts and critics of a convenience fee should walk a mile in their shoes. Perhaps they should join the 21st century by enjoying the convenience and alternative of being a consumer with the choice of purchasing clothing and appliances on-line...or a home from an *iBuyer*.

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