



## **Introducing iTitleTransfer, LLC**

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**Theodore Sprink, Founder and Managing Director**

Thank you for reviewing *iTitleTransfer's* value proposition, and sharing in our vision of how innovation can represent positive change in residential real-estate transactions, by providing consumer choice in a cost-savings alternative to the traditional real-estate closing process.

My name is Ted Sprink, the Founder and Managing Director of *iTitleTransfer*, a firm serving consumer-sellers, Realtors, *iBuyers* and Institutional Investors. My 25 years as a senior executive with Fortune 500 PropTech and FinTech experience led me in recent years to question “traditional” market functions.

1. The process of buying and selling homes, requiring the status quo of certain costly and unnecessary real estate closing services, is essentially unchanged in 100 years: **Why?** This basic question led me to develop a home-ownership transfer-solution that provides a simple and less expensive alternative to the traditional ownership-transfer process.
2. Our service is based on the proposition of consumer choice, saving time and money, and assuring that alternative pricing is actually correlated to risk: **Why not?** *iTitleTransfer's* proprietary ownership transfer process, is safe, reliable and includes search, examination, scoring, escrow, legal opinion, document preparation, eNotary, eSigning, eRecording and a land registry deed monitoring services.

The basis of *iTitleTransfer, LLC's* transformative business model is The American Land Title Association (ALTA) “Comprehensive Title Industry White Paper” statement that 75% of Single Family Residential (SFR) real estate transactions reflect “clean” ownership and chain of title, rendering title insurance policies unnecessary for the purchase and sale of these “clean” residential real properties.

*iTitleTransfer* performs search, examination, underwriting, legal opinion, proprietary scoring, escrow, eNotary, eSigning and eRecording to expedite a low cost two-tier all-inclusive pricing for the ownership transfer of “clean” properties for immediate acquisition (75%) and “clouded” properties, referred to title insurers for curative action (25%). *iTitleTransfer's* process provides a safe and reliable alternative to the status quo monopoly, significantly reducing costs to consumer-sellers and *iBuyers*.

*iTitleTransfer's* transfer process is summarized as follows:

- Utilizes the same land registry data search and examination upon which title insurance companies rely.
- Issues Warranty Deed-based “*Certificates of Ownership*”, establishing ownership for *iBuyer purchasers*; and Warranty Deed-based “*Certificates of Lien Priority*”, establishing lien priority for *iSellers and iLenders*.
- A warranty deed is a legal real estate document between the seller (grantor) and the buyer (grantee). The deed protects the buyer by pledging that the seller holds clear title to the property and there are no (unknown) encumbrances, outstanding liens, or mortgages against it. If title problems arise after signing a warranty deed, the buyer can sue the seller as they're legally responsible for any breach of warranty, or guarantee.

- Warranty deeds provide the purchaser of the property with the highest form of legal protection. By reducing *iBuyer* operating costs, *iTitleTransfer*'s transfer process enhances consumer choice; and *iBuyer* revenue, profitability, liquidity, market share, brand equity and re-sale opportunities.

#### A word about the Status Quo:

An example of the status quo in the real estate industry is the consumer's purchase of costly title insurance as a presumed requirement to "clear title". This has been the tradition for decades. Here at *iTitleTransfer* we refer to traditional as the "status quo". As in many industries, the status quo is often controlled by powerful corporations and industry monopolies, requiring and protecting their outdated over-priced and unnecessary business models. *Common to the status quo is a lack of consumer choice...a restriction on alternatives.*

- The title insurance industry, dominated by a monopoly of four corporate conglomerates, generated \$25 Billion in revenue in 2020. Yet incredibly, title insurers paid claims of only 3-5% of premiums. The title industry's gross profit margin of 97-95% support their outdated business model, unchanged in 100 years.
- Further, title insurers perform 80% of residential foreclosures *on their insured customers*, who may be suffering temporary cash flow problems, default, foreclosure, job transfer, unemployment, health concerns and/or divorce.
- These are the homeowners who need the money now; benefitting from the *iBuyer* instant cash for a convenience fee business model, an alternative to the lengthy, risky, costly status quo of the MLS sales process, in which many prospective buyers fail to qualify for a loan, change their minds, or simply fail to submit an acceptable offer.

The title insurance industry status quo is facing significant disruption, evidenced by:

1. *Excessive brick & mortar*
2. *High direct labor costs*
3. *Pricing that is not correlated to risk*
4. *80% commissions paid to agents*
5. *Federal (RESPA) regulatory action to control bribery and kickbacks*
6. *Controlled Business Agreements (CBAs) protecting monopolization*
7. *Lack of consumer choice*
8. *Excessive consumer costs*

*iTitleTransfer* corrects these market inefficiencies by providing consumer choice...alternatives...correlating the pricing of residential real estate transfers to legitimate risk. *iTitleTransfer*'s proprietary technology and business model reduces time and costs associated with the ownership transfer of real property.

#### A word about *iBuyers*:

There are approximately 20 nationally recognized *iBuyers* in major metropolitan markets throughout the United States, capitalized by tens of billions of dollars provided by 40 of the nation's leading institutional investors and private equity firms.

According to the National Association of Realtors (NAR) in 2018 institutional *iBuyers* participated in 7.7% of 534 million national SFR purchase & sale transactions, representing \$1.3 Trillion. In 2019 *iBuyers* participated in 10% of national SFR real estate transactions. The 2020 residential market reflected 552 million SFR transactions with a value of \$1.38 Trillion.

With the exception of Zillow Offers, *iBuyers* balanced the inventory by dramatically reducing the purchases of residential housing in an astoundingly overheated real estate market. *iBuyer* market share dropped to 1-2% in 2021 as the nation reeled from the Pandemic.

Many industry analysts are projecting *iBuying* to represent up to 20% of the residential real estate market within three years. To a significant degree, the increase is based on greater than 1 million experienced Realtors providing to their consumer-seller clients the choice of conducting an immediate sale to an *iBuyer* as an alternative to the troubled, costly and time consuming status quo.

