

# **Closing Services and Information Technology: The Final Frontier**

*Empowering Realtors and Consumers*

A Survey by the National Association of REALTORS

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February 2009

# The Age of Transparency

Information technology has transformed the residential real estate industry, connecting consumers and professionals to rich sources of information and empowering them in ways few could envision a decade ago. Armed with more information, consumers have become more active and informed participants in the real estate transaction. Freed from being the information gatekeeper, American real estate professionals have assumed a more valued role as high-tech marketers, market specialists and expert navigators of the difficult waters of buying and selling real property today. Nowhere else can so much of the real estate transaction be conducted online and immediately available to all parties.

Now information technology is bringing transparency to the final stage in the real estate transaction—the closing. Consumers and their real estate professionals can now shop for settlement services on a single site just as they shop for so many other services over the Internet, by comparing prices and performance online.

Will professionals embrace the new reality in closing services as readily as they have online marketing and valuation tools? How do they select vendors today, and will those selection criteria change? Will agents and brokers participate gladly in the new process by integrating online closing service selection into the services they provide their clients or will they remain wedded to the old model where professionals made the selections and gave their clients no more than two choices of vendors who might charge thousands of dollars?

# How NAR Conducted the Survey

In December 2008, ClosingCorp, an independent real estate information services company based in La Jolla, California and parent company of Closing.com, the largest online source of settlement services, commissioned a study by the Marketing Department of the National Association of REALTORS® to find out more about how Realtors select closing services for their clients.

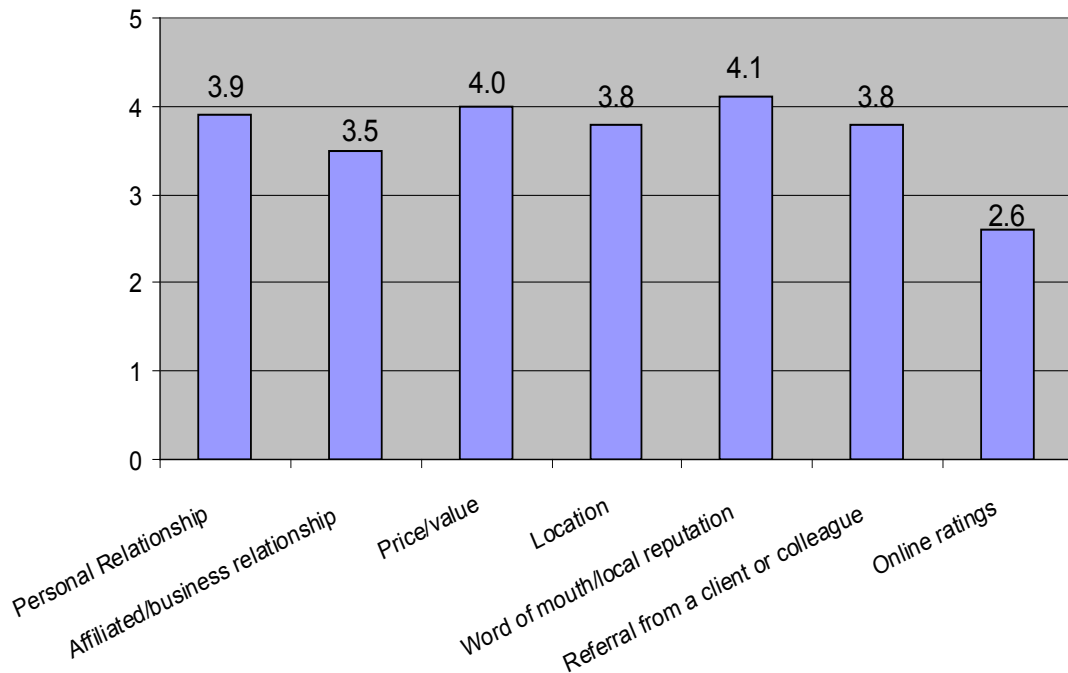
NAR conducted an online survey that was sent to 40,000 randomly selected REALTORS®. The survey was open from December 29, 2008 through January 15, 2009. A total of 1,929 REALTORS® participated in the survey, yielding a 5 percent response rate. At the 95 percent level of confidence, the confidence interval for results overall is plus or minus 2.2 percent. The sample size was large enough that the overall results can be considered reflective of the total population of REALTORS®.

# Choosing Settlement Providers

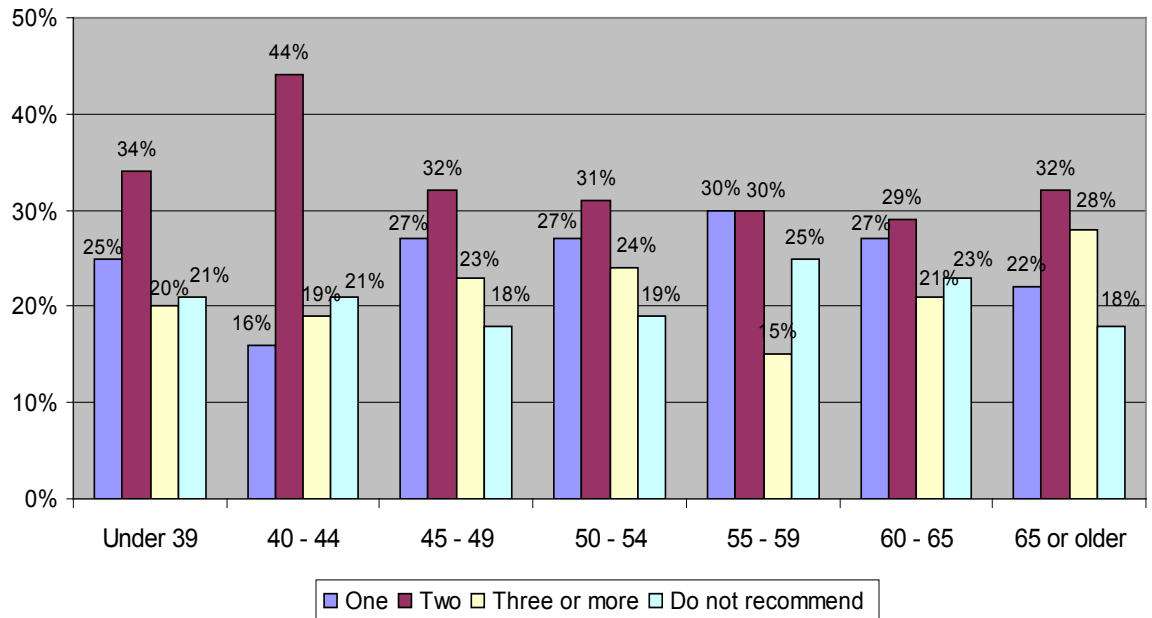
Helping buyers find good settlement providers is an important reason that many buyers use a real estate agent today. According to NAR's 2008 Profile of Home Buyers and Sellers, 40 percent of all buyers mention providing a better list of service providers as a benefit of working with an agent, which ranks higher than negotiating a better price for a home or providing a list of mortgage lenders.

The survey probed in depth the issue of how Realtors choose settlement services for their clients. It looked at how they choose title companies, settlement and escrow services, and other settlement services.

### Importance of the Following Factors When Choosing a Title Insurance Company



### How Many Title Companies Do You Recommend to Clients? By Age



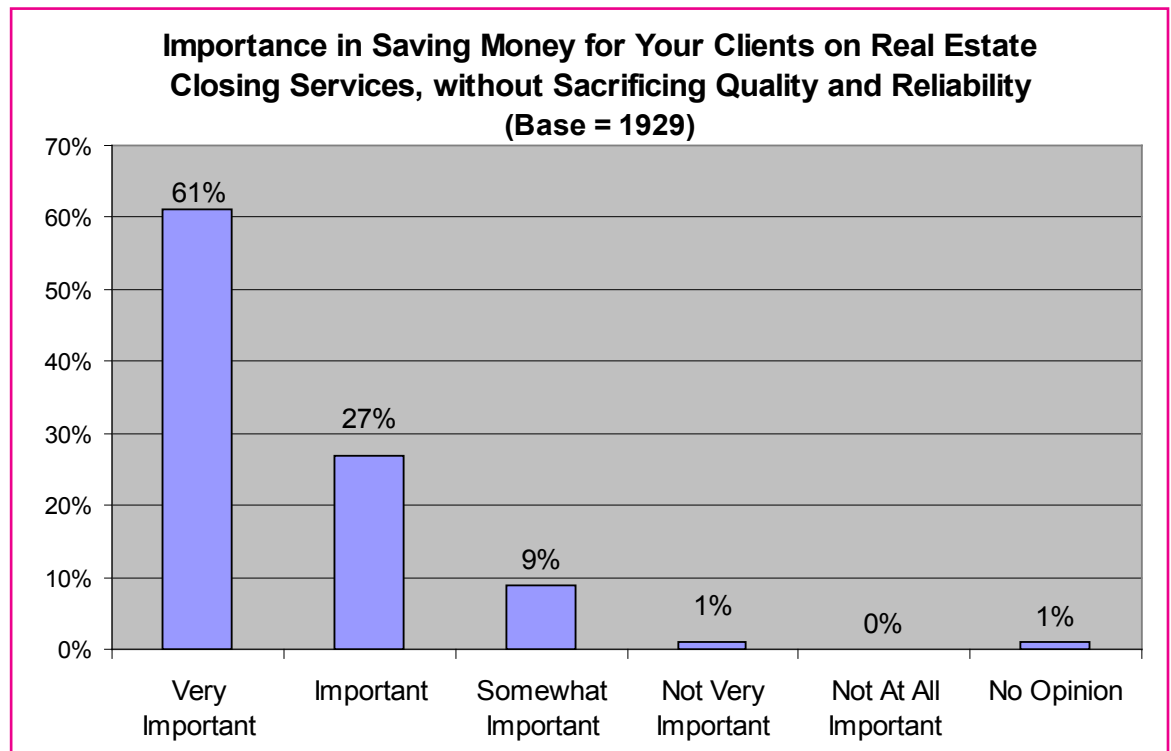
## Most Realtors Refer Two or Fewer Title Companies

Realtors exert great influence over the selection of settlement vendors, and typically refer two or fewer vendors for each service. When it comes to title companies, Realtors and consumers both face limited choices in the marketplace. Only five title insurers account for 92 percent of the national market, with most states dominated by two or three large insurers, according to a recent report by the General Accountability Office.

Realtors between the ages of 40 to 44 are significantly more likely to recommend two title companies to clients than other age groups. And respondents aged 65 or older are significantly more likely to recommend three or more title companies to clients.

# Saving Money is Top Priority

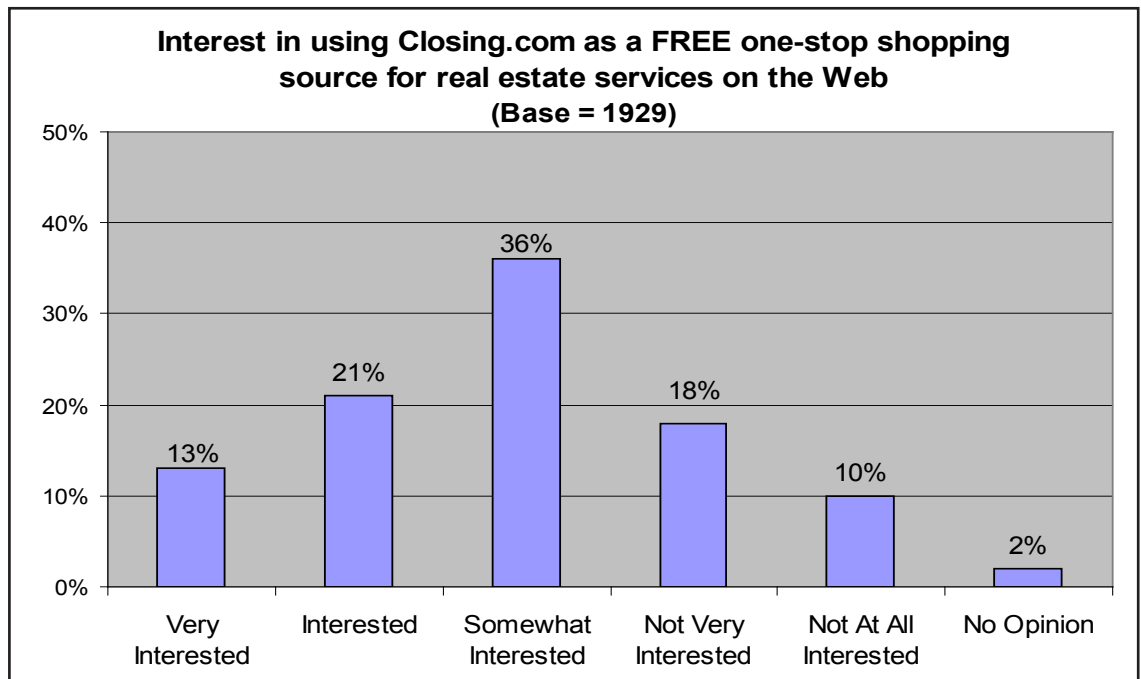
Ninety-seven percent of Realtors indicated that it is important to save money for clients on real estate closing services, without sacrificing quality and reliability. Sixty-one percent rated saving money as very important. Agents were slightly but measurably more likely than brokers to place a greater importance on saving money for clients.



# Shopping for Providers Online

To give the Realtors participating in the survey an idea of how an online Web site with thousands of local settlement providers would work, Realtors in the survey viewed a 35-second demo of Closing.com. The demo explained that by entering a ZIP code, consumers will be able to view vendors by category, complete with information about price, quality and services.

Seventy percent indicated they would be interested in using Closing.com as a free one-stop shopping source for real estate services on the Web.



## Younger Agents are More Interested in Interactive Features

The survey found that Realtors under forty years old are significantly more interested in using interactive features to help their clients shop for settlement services. These include the ability to send a list of preferred service providers to clients, having a site integrated with their multiple listing service so that they can estimate closing costs for any listing, using discount coupons and e-commerce rates and providing a free online cost calculator.

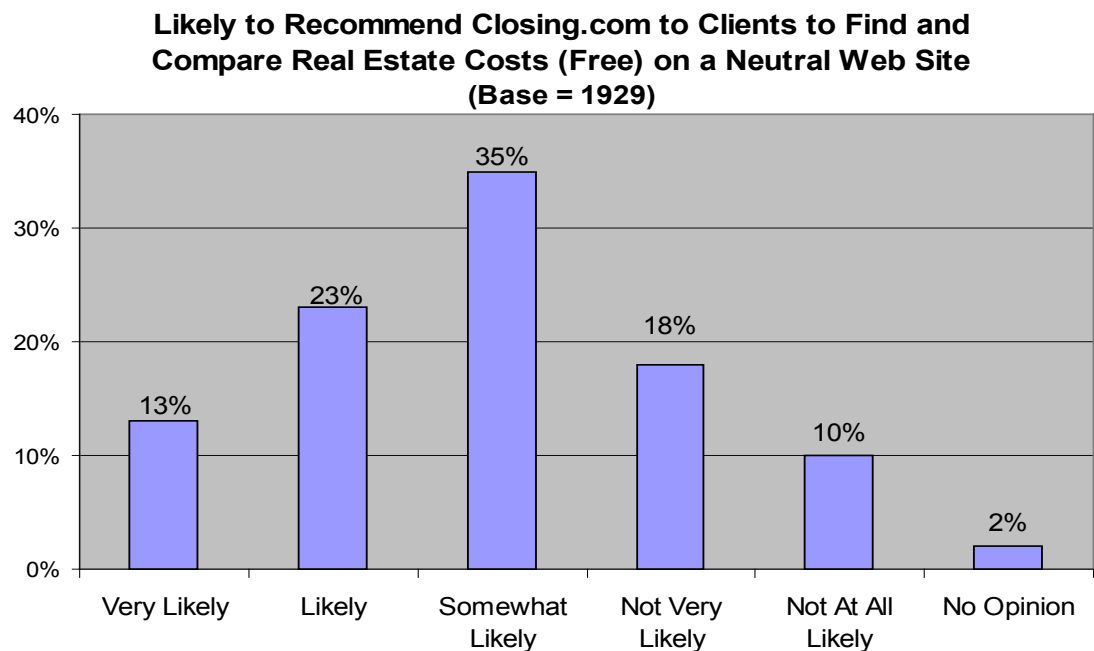
Proposed Features	Total Agents	Under 39	40 – 44	45 – 49	50 – 54	55 – 59	60 – 64	65 or Older
<b>Interest</b> in a FREE One-Stop Shopping Source for Real Estate Services on the Web	3.1	3.4	3.1	3.2	3.1	3.1	2.9	3.0
<b>Importance</b> of being able to send a list of preferred service providers and a closing cost estimate to your clients from Closing.com	3.3	3.6	3.4	3.3	3.3	3.3	3.2	3.1
<b>Interest</b> in having Closing.com integrated with your MLS service so that you could estimate closing costs for any property listing.	3.4	3.7	3.5	3.5	3.4	3.2	3.3	3.2
<b>Interest</b> in using discount coupons and special e-commerce rates offered by Closing.com vendors to help your clients save money.	3.5	3.8	3.6	3.6	3.4	3.4	3.2	3.2
<b>Interest</b> in offering a FREE online Closing Cost Calculator (with your brand) that is based on the average costs of services in your area right on your Web site.	3.6	3.8	3.7	3.6	3.5	3.4	3.4	3.4

# Working With Clients

Will Realtors use a site like Closing.com as a tool for their clients to use in learning about services and comparing costs?

We asked them to rate how likely they would be to recommend Closing.com to clients as a place to find and compare real estate closing costs on a neutral Web site that is free to use.

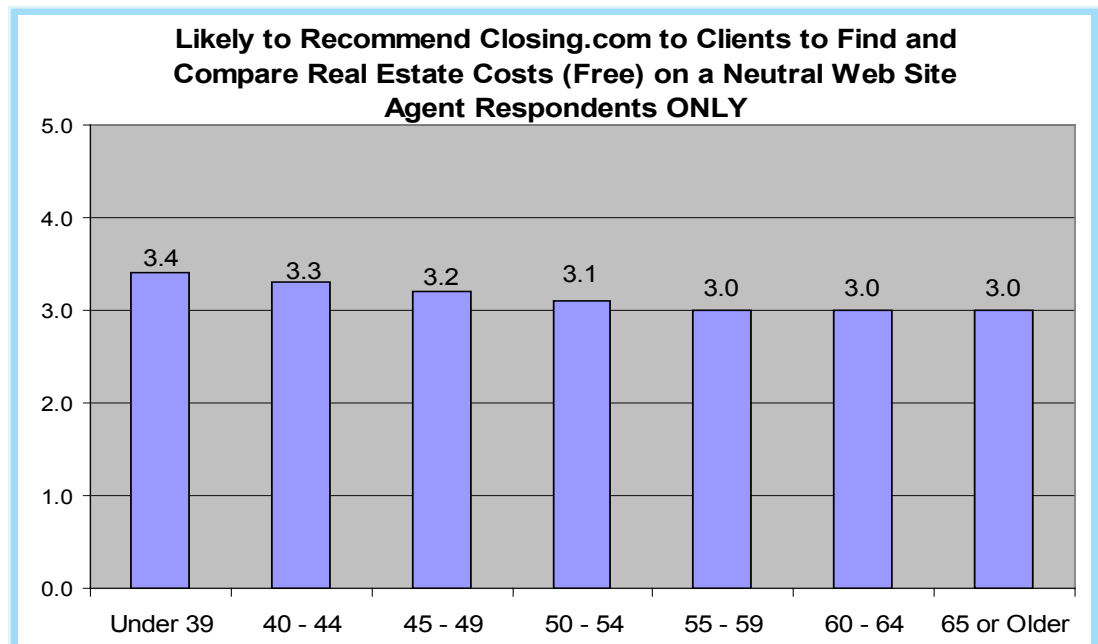
Seventy-one percent of respondents indicated they would be likely (13 percent “very likely,” 23 percent “likely,” and 35 percent “somewhat likely”) to recommend Closing.com to clients. Twenty-eight percent would be not likely (18 percent “not very likely” and 10 percent “not at all likely.”)



## Younger Agents More Likely to Introduce Clients to Neutral Site

The survey found some significant generational differences in the way agents would work with their clients in using a site like Closing.com as a neutral source of information about closing costs and services.

Agents under 39 years of age are significantly more likely (3.4) to recommend Closing.com to clients to find and compare real estate closing costs (free) on a neutral Web site versus those who are 60 years and older (3.0).



## About ClosingCorp

ClosingCorp is the parent company of Closing.com, whose mission is to be the leading online destination for consumers and professionals to shop for real estate closing services. ClosingCorp is an independent data provider that neither owns nor endorses any of the real estate services listed on its family of Web sites.

Closing.com is the only one-stop shop for closing and other real estate-related services on the Web. The free site helps consumers and real estate professionals find and compare real estate closing services and rates before they choose a provider, learn more about customs and practices in their area, and estimate their closing costs.

With more than 140,000 providers listed, including title companies, escrow/settlement services, home and pest inspectors, appraisers, notaries, closing attorneys and more, Closing.com has developed proprietary rate engines that deliver highly-reliable closing cost estimates using transaction-specific data and vendor rates. By entering information about their property and loan, users can find and compare services in their area, select specific vendors, which are automatically added to their estimate, and generate a closing cost summary that includes property taxes, recording fees and other charges associated with that transaction.

Consumers can find helpful articles about the closing process in the Closing.com Learning Zone or get smart answers in the site's Ask an Expert community. In the age of transparency, Closing.com, is committed taking the mystery out of the closing process and helping consumers save. Currently in Beta release, the site is scheduled for general release in the late summer of 2009.

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