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Focus: Real Property

An Indian company performed a title search on this west Raleigh townhouse. N.C. lawyers say the report lacked key items.

Photo by Gregory Froom



NC lawyers question thoroughness of outsourced title search

By **PAUL THARP, Staff Writer**

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Outsourcing is nothing new, and businesses have been outsourcing certain operations to India for years.

But property and property law in North Carolina, for the most part, is local — at least for now.

Still the push is on from industry and, arguably, the federal government to nationalize the attorney-controlled real estate system in the state (see “Feds want to study feasibility of national land recordation system” in the Jan. 10, 2011, issue of *Lawyers Weekly*).

But the usurpation of attorney control may come with a price, according to some real estate attorneys.

“We have some of the lowest title insurance rates in the nation,” Charlotte

real estate lawyer William Parise said. “That is because we have lawyers rendering opinions on title, so we have less title claims.”

In other states — Florida for instance — premiums are much higher, Parise said.

“You get what you pay for,” he said.

Many North Carolina attorneys do their own title searches. Others employ office staff or paralegals or contract with professional title abstracters. Parise said the abstracters he uses have at least 20 years of experience. But he describes himself as conservative in his title searching methodology, and not all attorneys are as cautious.

Charlotte real estate attorney Jaime Kosofsky said he doesn’t outsource such work. “There are too many nuances to searching title,” he said.

But nuances haven’t stopped out-of-state settlement providers from setting up shop here. And now overseas companies are looking for a piece of the state’s closing action.

A company based in Bangalore, India, has been offering its title abstracting services in North Carolina for at three years, according to its managing partner, M.S. Shridhar.

He wrote in an email that his company, USP Info Solutions, offers “current owner searches, two owner searches, full searches [and] closing updates.”

According to Shridhar, his team of title searchers has over eight years of experience. But USP does not have a lawyer on staff nor does it employ a

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lawyer to review its work. The company does not have an office in the United States.

USP's title searches, Shridhar said, are conducted through NETRonline.com. "So we prepare the reports according to all the documents available online," Shridhar wrote. "We do not have any contacts or any remote access for judgments. If we find them in the search, we will add those judgments into the report."

USP covers 40 counties in North Carolina. Shridhar declined to name any lawyers, businesses or individuals that use his company's service.

'No information'

To test the service, Lawyers Weekly ordered a full 30-year title search from USP on a Wake County parcel and, for \$40, was provided a 68-page "Title Search" and four-page "Title Report."

The report listed the property's correct owner, parcel number, legal description and tax information, as well as the chain-of-title back to 1990, to what the report dubbed "a Developer Deed." The search contained copies of deeds as well as deeds of trust, tax records and other documents available online.

Lawyers Weekly provided the documents to a number of real estate attorneys to review.

Parise said the notation in the report that no judgments were found was "downright deceptive" because USP did not search for judgments. It couldn't have, because it doesn't have anyone searching the Administrative Office of

the Courts mainframe in North Carolina and it doesn't have remote access.

Greensboro attorney Richard Shope, who reviewed the records, found a glaring omission in the form of a missing examination of the estate file for a deceased former owner to see if the executrix who signed the deed had authority to sell the property.

"Everything that may affect title is not online," Shope said.

Information pertaining to real property the decedent owned would be in her estate file in the office of the Wake County Clerk of Court. "I would need to see that estate file," Parise said.

New Bern real estate attorney John W. King Jr. reviewed the documents in the chain-of-title and observed that there was "no way of telling if out conveyances for each grantor in the chain-of-title were checked. This would have revealed easements and other matters related to the property."

Finding deeds and deeds of trust is easy, Parise said, but "the question of easements tangentially tied to land which may give third parties the right to cross right through your land whenever they want might not be picked up. I don't see anything about easements here."

King noted that the property was located in a subdivision that was illustrated on a recorded map. "Usually there are easements for drainage and utility along the front, side and rear lines when the property is part of a subdivision," King said. "What are the minimum side-line setbacks set forth in the covenants or shown on the plat?"

King also noted that the report and search did not provide information about

restrictive covenants, even though the legal description referenced them.

These are matters that would become exceptions on a policy of title insurance, King said, but the documents provided by USP provide no information about them.

Finally, Shope said even the registers of deeds' sites have disclaimers providing that the information contained on the sites is not the official record. "So there is some risk that the information is incorrect," he said.

But the fourth-hand nature of the information USP provides isn't what troubles Wilson attorney Woody Harrison the most. He quoted a line from Shakespeare's "Henry V," asking, "Who hath measured the ground?"

Anyone anywhere "can look at public records and make copies of what they see," Harrison said. "The problem in this is the person accumulating the data has to make decisions about where to look and what to look for, and then someone has to decide if the information is important or not and why or why not."

Parise said information gleaned from online sources and from the clerk's office is only as good as the eyes viewing it and the mind interpreting it.

"I can go on WebMD and diagnose a medical problem, but is my analysis of the symptoms as good as a doctor's?" he asked. "There is some good information on WebMD, but it is no good if the analysis of that information is flawed."

Parise described the search and report as "a starting point. I'm not sure I'd pay forty dollars for it," he said. "You can get a five-dollar dress shirt, but that doesn't mean you should."