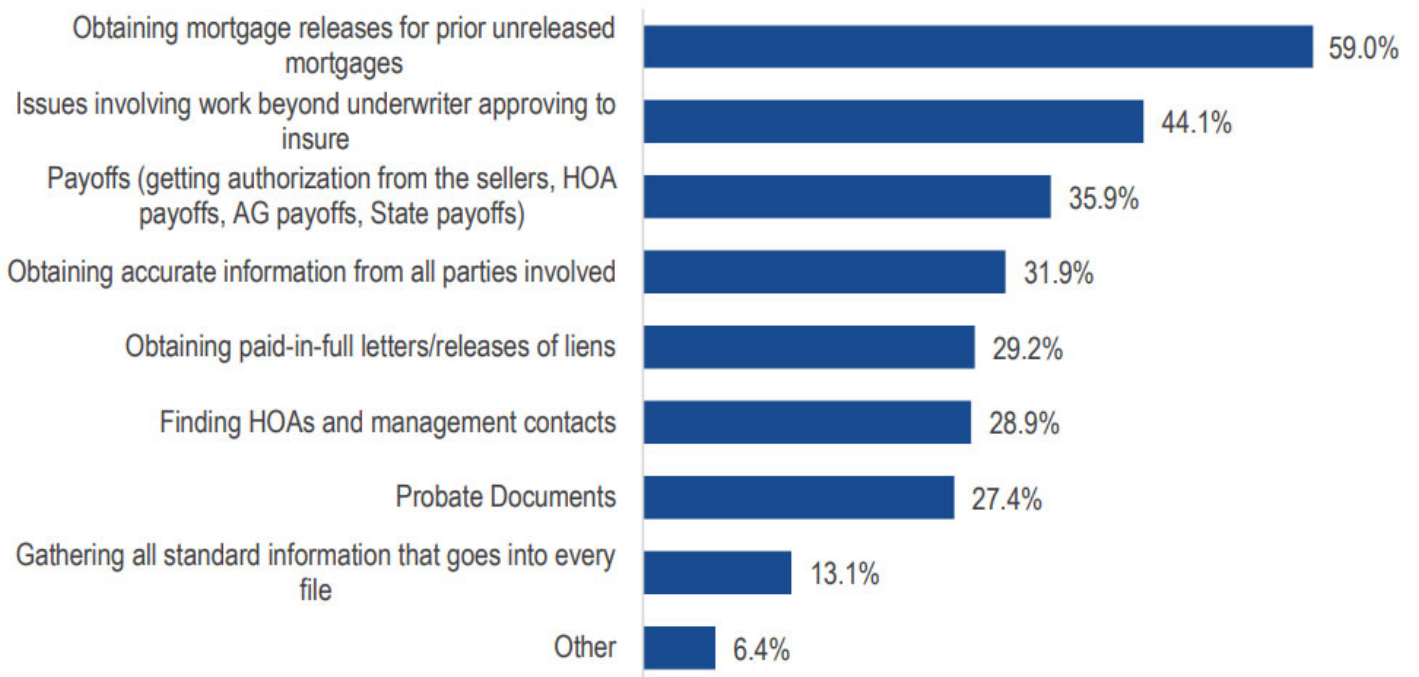


## Industry News

# Behind Every Closing: The Complex Work of Clearing Title

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### Significant pain points in curative work



Title professionals across the country help prevent hundreds of billions of dollars in potential financial risk from entering the housing market each year.

New research from ALTA shows the work performed by the title insurance industry, which includes searching property records, identifying defects and resolving issues before closing, helps mitigate between \$600 billion and \$900 billion in potential risk exposure annually for homebuyers, lenders and other real estate market participants.

The findings come from a new report produced with ndp | analytics, *Measuring the Complexity of Title Production: A Study of Operational Demands, Risks, and Curative Challenges*. Based on responses from nearly 450 industry professionals across 47 states, the study offers one of the most detailed looks yet at the operational demands involved in clearing title.

The report builds on ALTA's 2024 research, [More than Pushing a Button: Estimating the Time and Complexity of Clearing Title](#), reinforcing a key theme that producing a clean and insurable title requires extensive research, judgment and coordination long before a real estate transaction reaches the closing table.

"This report showcases why the expertise of title industry professionals is essential to a safe and efficient real estate market," said ALTA CEO Chris Morton. "Successfully clearing a title requires a comprehensive process carried out by experienced professionals to ensure homebuyers and

lenders are fully protected. This survey highlights several of the important measures these professionals routinely undertake. Such processes depend on expert judgment and accountability—qualities that go beyond the important use of technology and automation and demonstrate a strong commitment to safeguarding consumers."

## **A Small-business Industry Protecting the Housing Market**

The survey also highlights the structure of the title industry itself. Most respondents operate small businesses serving local markets. Nearly three-quarters of respondents conduct business in a single state, while about 26% operate in multiple states. The industry's small-business structure is also reflected in revenue levels: 68% of respondents reported annual revenue under \$1 million, while 20% reported between \$1 million and \$5 million.

Staffing patterns mirror those figures. Seventy-three percent of companies employ 10 or fewer people, while fewer than one in 10 employ more than 50 workers. Despite their relatively small size, these companies collectively perform the complex work required to support millions of real estate transactions each year.

## **Fraud Prevention Increasingly Central to the Job**

The report highlights the growing role title professionals play in preventing fraud. Real estate transactions have increasingly become targets for sophisticated schemes involving wire fraud, seller impersonation, identity theft and forged deeds.

More than 52% of survey respondents reported spending at least 11 hours each month on fraud prevention. Among them, 37% spend between 11 and 50 hours on anti-fraud efforts, while nearly 15% spend more than 50 hours per month addressing fraud risks.

These efforts are critical because many fraud schemes cannot be detected through traditional public-record searches alone. Identity verification, transaction monitoring and communication safeguards have become essential parts of the title production process.

Fraud and forgery risks also represent the largest segment of title insurance claims, highlighting the financial stakes involved.

"Behind every real estate closing is critical work that consumers rarely see," Morton said. "Title professionals invest their efforts in resolving defects and preventing fraud to make sure buyers receive clear ownership of what is often their largest investment."

## **Title Searches Require Extensive Research**

Before a buyer or lender can rely on a property's title, professionals must conduct a comprehensive search and examination of the property's ownership history—often spanning decades. This work involves gathering records from multiple public and private sources, including deeds, mortgages, liens, probate filings, HOA assessments and easements. Nearly all respondents rely on records from both local recorders' offices and taxing authorities, while also conducting court record searches and other investigations to uncover potential risks.

Although many records are available digitally, the system remains far from fully modernized. Twenty-seven percent of respondents reported they must still retrieve certain records in person, adding time and cost to the title production process.

The number of documents reviewed per transaction highlights the depth of analysis required.

For purchase transactions:

- 61% review 11–50 documents

- 21% review more than 50 documents
- 18% review 10 or fewer documents

For refinance transactions:

- 48% review 11–50 documents
- 11% review more than 50 documents
- 41% review 10 or fewer documents

Ownership and mortgage records were identified as the most challenging documents to review, followed closely by easements—reflecting the complex legal rights and priorities embedded in those records.

## **Curative Work Resolves Problems Before Closing**

Once potential issues are identified, title professionals perform “curative” work to resolve them before a transaction can proceed. This may involve securing releases for prior mortgages, clearing liens, correcting recording errors, updating legal descriptions or resolving probate issues tied to previous property owners.

Nearly 60% of survey respondents reported removing three to five requirements or exceptions from the title commitment before closing, while more than 20% cleared six or more requirements.

Payoffs are also common. More than two-thirds of respondents reported obtaining two or fewer payoffs, while about 30% secured three to five payoffs. Mortgage payoffs are the most common obligation resolved during curative work, appearing in more than 90% of transactions, followed by HOA dues and transfer fees in roughly 57% of transactions.

The curative process presents significant logistical challenges as well. Nearly 59% of respondents identified obtaining releases for prior mortgages as their most significant pain point, while 44% reported difficulties with issues requiring action beyond standard underwriting, such as probate matters or gaps in the chain of title.

“Clearing title is rarely a simple process,” Morton said. “Our members routinely resolve complex legal and financial issues—often involving decades of property history—to ensure buyers and lenders can move forward with confidence.”

## **Closing and Issuing the Policy**

Once the title search, examination and curative work are complete, the final step is issuing the title insurance policy. Even with extensive research, some risks remain hidden. Previous research cited in the report shows nearly 30% of losses in purchase transactions arise from issues not discoverable in public records, while the figure rises to about 40% for refinance transactions. Title insurance provides financial protection against these unknown risks while the pre-closing work performed by title professionals removes many others before they can affect the transaction.

## **Reducing Risk**

Beyond the protection provided by the insurance policy itself, the title industry also plays a significant risk-mitigation role before a transaction closes. Research cited by ALTA estimates that the work performed by title professionals—searching property records, identifying defects and resolving issues prior to closing—helps mitigate between \$600 billion and \$900 billion in

potential risk exposure annually for homebuyers, lenders and other participants in real estate transactions.

The estimate comes from **analysis by Mark Fleming**, chief economist at First American Financial Corp., who examined the potential risks embedded in the nation's property records system. The research found that the title industry's work aggregating and organizing property data, identifying defects and correcting errors in public records plays a critical role in maintaining reliable ownership records that allow property rights to be transferred with confidence.

During the surge in home sales and mortgage refinancing during the pandemic, total estimated industry risk exposure exceeded \$1 trillion annually, highlighting the scale of potential financial exposure that must be evaluated and addressed in the title production process. Fleming warned that if public records are not properly maintained over time, the marketability of title will become less clear causing the burden of defending property rights in court to increase.

Separate research cited in the study also illustrates the operational effort behind that risk reduction. Title professionals spend an estimated 22 hours to close a standard real estate transaction and roughly 45 hours on more complex files, while about 36% of transactions require extensive nonroutine title clearance efforts.

While the industry has increasingly adopted tools such as automation and artificial intelligence to streamline certain tasks, the survey findings emphasize that human expertise remains critical.

"Successfully clearing title requires a meticulous process carried out by experienced professionals," Morton said. "These processes depend on human judgment, diligence and accountability."

## **Technology Improving Efficiency**

Despite increasing operational demands, the industry continues to invest heavily in technology. Automation, digital tools and artificial intelligence help streamline parts of the title production process while improving efficiency and accuracy.

According to the report, those modernization efforts have contributed to a roughly 5% nominal decline in the cost of title insurance coverage in recent years, even as the complexity of real estate transactions has increased.

"The findings highlight the extensive work required to deliver a clean and insurable title," Morton said. "From researching decades-old records and analyzing complex legal documents to preventing fraud and resolving ownership defects, title production involves multiple steps requiring specialized expertise from professionals. Without those efforts, homebuyers and lenders would face significantly greater financial risk and higher costs when transferring property rights."

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