

# TITLE AND ESCROW

## and the Arrival of Blockchain Technology

To have legal rights to own, sell, use, and dispose of land, you have to have a "Title". It includes records of prior ownership and uses. To legally transfer real estate property, a title search must be performed, and, in most cases, the title must be found free of any circumstances that could endanger your right of ownership.

If you are selling or buying a piece of property, you want to be certain that all of the conditions of your sale have been met before giving away your money or property. This is what is called "Escrow". An escrow is a transaction where one party engages in the sale, transfer, or lease of real or personal property with another person who delivers a written instrument, money or other items of value to a neutral third person called an escrow agent. The escrow agent holds the money or items for disbursement upon the performance of a specified condition.

It is usually a long process. The timeline can vary depending on the agreement of the buyer and seller, who the escrow provider is, and more. Typically, 30-60 days. With the arrival of blockchain technology, the real estate industry is undergoing a digital transformation. Blockchain technology could have a major effect from property purchasing to due diligence to title management.

### HOW IS BLOCKCHAIN TECHNOLOGY TRANSFORMING THE INDUSTRY?

The brilliance of blockchain technology is that records would not only be immutable (unable to be changed) but also can be distributed and validated by all parties. The aggregation of information could be exponential as the blockchain develops. Imagine being able to see 150 years of title history and five years of electricity, water, and gas bills along with all easements held by the utilities for access. You could find a history of insurance claims against the property, a record of home inspections, and permit history. A buyer could easily access easements held by neighbors, encroachments such as fences that are not on the property, and even a history of loans against the property. During a transaction, a buyer or seller could access real estate purchase agreements, brokerage agreements, loan documents, lead paint disclosures, property disclosures, and other documents which would be stored in a secured chain where nobody could make any sneaky changes on unsuspecting parties.



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To summarize, here are the benefits from four aspects of blockchain technology:

- **Transactional integrity** - Any transaction cannot be changed once logged on the blockchain.
- **Security** - Blockchain data is stored on distributed ledgers across a network that are continuously updated and kept in sync. Tampering with data would be quickly identified as an anomaly.
- **Elimination of third-party intermediaries** - The integrity of blockchain records would eliminate the need to use transactional intermediaries.
- **Speed** - Transactions related to the purchase and sale of real estate that sometimes take weeks or months can be done in a matter of minutes through this technology.

### CHALLENGES FOR THE REAL ESTATE INDUSTRY

While blockchain technology could help solve many problems within the real estate industry, it is important to note that blockchain technology is still in its early stages, and full adoption across the real estate industry comes with its own set of challenges.

First, there are millions if not billions of transactions made in the real estate industry globally every year. Ethereum can only currently handle about 15 transactions per second, and Bitcoin only around 5 transactions. In comparison, Visa claims it can process over 24,000 transactions every second. A transaction bottleneck would pose a major issue for large-scale real estate enterprises that require ultra-fast processing times. There are other cryptocurrencies that have higher transaction speeds according to Blockchain Council [here](#).

Second, many different blockchains exist, and most of them are unable to communicate or work with one another. This lack of standardization, or interoperability, is a challenge in the blockchain sphere.

A rental company, for example, may wish to use the public Ethereum blockchain to execute lease contracts but would prefer to keep tenant data and rent rolls on a private blockchain. Or an enterprise may begin using one blockchain solution, and later find a better solution for their needs and decide to migrate.

To keep the past transaction histories protected, the second blockchain would need a way to reference the first blockchain – and this is currently not possible due to a lack of interoperability.



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HERE ARE SOME OF THE BIGGEST PLAYERS IN THAT SPACE NOW

### UBITQUITY, LLC

"UbitquityPay is the global solution for crypto payments + real estate transactions. The launch of UbitquityPay.com will act as an initial online portal for those buyers, title companies, underwriters, and banks," said Nathan Wosnack, Founder and CEO of Ubiquity, LLC in [this article](#).

### RAINIER TITLE

"We are proud to be the first in our region to initiate the blockchain process, which will create a more transparent, secure, and consumer-facing trend of real property transfer," he added. "With a host of modern-day distractions, we see this process as the most logical step forward. And Ubitquity's approach is smart and pragmatic." - Bill Bergschneider, CEO of Rainier Title, mentioned in [this article](#).

### PRIORITY TITLE AND ESCROW

[Priority Title and Escrow has partnered with Ubitquity, LLC](#). to offer a simple user experience for securely recording and tracking property with our Blockchain-as-a-Service (BaaS) blockchain platform, ecosystem, and API called unanimity<sup>SM</sup>. We ensure every property has a clean title before any closings take place. We provide electronic closing documents so that closings can take place anywhere in the world.

### SAFEWIRE

Operates their platform via a blockchain network to ensure security over vulnerable transactions from the moment they are sent to the time they are received and processed, reducing the amount of money lost, clients lost and time lost due to wire fraud.

### REALBLOCKS

"The company's proprietary software will streamline and decrease the costs of the escrow and title insurance process, not to mention offer impenetrable security for transactions. Arizona leads the way in the move to incorporate blockchain technology. It was the first state in the country to pass a law making digital signatures on smart contracts valid and legally enforceable: a prominent feature of blockchain technology." said Mike Boyd, President of RealBlocks in [this article](#).

### MERIDIO

A ConsenSys project designed to help fractionalize ownership of various real estate assets. Investors gain access to a variety of properties with greater liquidity and lower capital requirements than traditional real estate investing. Asset owners and investors access their investments through a web application that houses property dashboards, due diligence, and peer-to-peer trades.



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### REASI

The first end-to-end real estate transaction platform featuring secure and seamless escrow. Instead of relying on third parties, real estate agents can use Reasi's blockchain-based escrow platform to expedite the real estate buying and selling processes.

### NETOBJEX

A blockchain developer that uses ledger technology in a variety of industries, but primarily real estate. The company has helped multiple real estate companies implement smart contracts and IoT technology.

### SHELTERZOOM

"As the online shopping market has matured, consumers have become increasingly willing to purchase high-value items online, and real estate is no exception," said Allen Alishahi, Co-founder and Director of ShelterZoom, in [this article](#).

### PROPY (PRO-USD)

"My vision for Propy is to bring self-driving real estate transactions to the world, with all of the logistics seamlessly executed on the back-end. Our platform offers a terminal to observe transactions in real-time, making the process transparent for real estate executives, title companies, home builders, buyers, and REITs. With this new investment, we are excited to bring much-needed change to the industry, satisfy consumers and empower real estate professionals all over the world." said Natalia Karayaneva, CEO of Propy, in [this article](#).

### ELYSIAN (ELY-USD)

A decentralized eCommerce platform that serves as an intermediary between Ecommerce merchants and their targeted demographic of consumers [partners with Jury.online](#), a decentralized escrow service platform that provides secure investments into blockchain-based projects through the use of arbiters if controversies were to arise between the investors and the business.

### LABS GROUP (LABS-USD)

Disrupting real estate investments in the largest asset class through the world's first end-to-end real estate investment ecosystem by fractionalizing real estate investments. Powered by the LABS ecosystem token through decentralized finance (DeFi) and governance.



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### **BREEZECOIN (BRZE-USD)**

A global Real estate investment project directed by Harald Kendzia (*THE HEAD OF Breeze de Mar family*) with a bunch of other team members who have different levels of many experiences in blockchain space, real estate, and finance sector. Breezecoin organization's typical aim is to combine blockchain-based cryptocurrency technology with real estate assets.

### **IHT REAL ESTATE PROTOCOL (IHT-USD)**

A smart contract technology and distributed accounting technology developed for the purpose of splitting real estate under i-house.com which utilizes blockchain's intrinsic advantages such as trustless mechanism, anti-tamper, co-supervision, traceability

### **RENTBERRY (BERRY-USD)**

Allows landlords to avoid the U.S. banking system and forego escrow accounts, even in states that require them. "The loophole is that we use our own cryptocurrency and it's essentially decentralized," Oleksy Lubinsky, CEO

### **CONCLUSION**

We are still in the early stages of blockchain technology development and it will take time before it reaches maturity. A lot of new and old companies are still experimenting with it, and there are still issues that remain to be addressed as the public continues to learn how to use and understand the decentralized technology. But this emerging technology has the potential to disrupt many industries and the title and escrow industry is not an exemption. With industry leaders and governments exploring and implementing blockchain applications in this space, it's possible that this old industry may be one of the first to make the leap into a decentralized digital world.