

Ellman, never shy about tough deals, turns to e-commerce

ELECTRONIC CLOSINGS FOR COMMERCIAL DEALS ON HORIZON

Harry Ellman and Fidelity Title Co. have just turned to e-commerce with "electronic closings" as they continue to tackle complex, intricate and challenging deals.

Fidelity has already made a name for itself with tough deals.

* It saved a 14-story office-high-rise from the seemingly intractable problem of not holding title to its property — work that was complicated by the fact that the building was already under construction.

* It did the title work for BB Restaurant Management, on the purchase of 22 separate properties throughout Michigan, belonging to a bankrupt restaurant — no small task given the sheer number of properties involved.

* On one condominium project by Phoenix Land Development, Ellman handled the title work for both land acquisition and the 54 individual properties.

* When Birmingham-based Kenrich Inc. needed to assemble 13 residential properties for Hazel Park's Viking Ice Area, Ellman arranged to close on the properties in a single day. That meant construction could proceed without delay.

Now Fidelity has the capability to do these kinds of transactions electronically — with an array of e-commerce tools and partnerships with lenders and local government record-keeping offices.

It took years for attorney Harry Ellman to find this niche in this high-service kind of title work. He had practiced real estate law for nearly two decades, but he found the experience somewhat unsatisfactory. It was hard to keep all the parties, including his clients, happy. It was no doubt the nature of the real estate business, but it still bothered him.



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Ellman

Ellman wanted a specialty where he could directly control the quality of the results. He wanted to be a problem-solver and facilitator, wrapping up the title end of transactions as tight as a drum.

That opportunity came during the 1980s when he was special counsel to a bank that had unsuccessfully tried to set up a title company. The bank's president suggested, as an alternative, that Ellman start his own firm. That's just what he did, focusing on commercial transactions, along with those residential transactions involving new construction.

Fidelity Title Company was established to specialize in commercial and new construction residential transactions throughout the State of Michigan. It is a boutique title company serving lenders, builders, developers, brokers and attorneys. Fidelity Title is an agent for Fidelity National Title Insurance Co.

Fidelity Title Co. has insured the title for, and managed more than \$4 billion in transactions since 1987.

"I wanted to provide the highest quality service to a niche market," he said.

He steered clear of most residential transactions, such as title work for sales of existing homes. If he stuck to commercial transactions and residential development projects, he knew he could handle fewer, but bigger deals, and give them personal attention and achieve the results he was looking for. It also helped that, during his career as a real estate attorney, he had built up relationships with banks, developers, brokers and others in the field.

In the commercial title area, Ellman found he could handle details and attend closings, giving his clients a high level of attention. The commercial-only focus also gave his firm a degree of expertise that the less specialized firms lacked.

Ellman also prides himself on the fact that his clients deal directly with him, easily reaching him by phone when they need to discuss an issue. If a transaction is especially complex, he may find himself explaining the ins and outs of the "order, escrow, examining and legal" procedures relating to titles. And, at closings, the Fidelity title team meets at locations convenient for their clients.

Now, instead of handling the proverbial "good deals" that leave all sides with their fair share of dissatisfaction, Ellman is able to nail the title end of the transaction precisely and efficiently. "People say thank you and appreciate the service," he says. "Any one can tell you that's better for the psyche."

It was only natural that Ellman would extend his reach and personal involvement through innovation. He has just helped to pioneer electronic closings in the residential sector, and expects to introduce them into the commercial sector soon.

The process includes the electronic storage of documents in an online database available to all parties, and e-signatures not unlike the system that UPS drivers present to customers to acknowledge receipt of packages.

In the initial trial runs, the project has also involved the immediate update of county property and mortgage records - no small advantage given the ability of interested parties to post changes to records before they are officially updated with the new mortgage information.

"The future is the dovetail of those two types of concepts," he says, referring to the online, electronic "closing room" and digital document transmission to the official record depository.

The gap between the completion of the transaction and the posting of the records has long troubled the mortgage and title industries."

Fidelity Title, Oakland County, Fannie Mae, Flagstar Bank, and Affiliated Computer Systems are part of a pilot program to transmit documents to Oakland County's Record Office, updating the property records in just 24 hours, instead of the usual 45 days.

Part of Fidelity's process is the storage of documents in an "electronic vault" before closing. Interested parties can fax any appropriate documents to a special number, and within about an hour, the document appears in the file.

The parties, equipped with passwords, can access the file from anywhere in the world and can also communicate via a messaging service that can reach one or more other parties, such as the lender, the lender's attorney, the buyer, or the seller, among other persons. That message can be distributed as broadly or narrowly as the sender desires.

The latest transactions have used an "electronic vault" provided by settlement room.com and eOriginal for safeguarding and validation of documents.

Once the mortgage process is completed, a CD-ROM version of the document may be provided to the borrower, according to a press release. This digital copy of the mortgage documents replaces the traditional 50-60 pages of paper documents.