

BLOCKCHAIN TECHNOLOGY F.A.Q.

WHAT IS BLOCKCHAIN TECHNOLOGY?

In layman's terms, blockchain technology stores sequential data of a transaction in a shared network. For example, the information to complete one transaction is time-stamped and stored in a digital ledger as a "block." This block is connected to related transactions, or blocks to form a chain. These chains of data are not stored in one location; they are shared across a network of nodes (computers).

Utilizing this type of technology increases security, streamlines transactions, protects buyers' identities and sensitive information, provides easier access to real-time information, and reduces fraud.

HOW WILL BLOCKCHAIN TECHNOLOGY IMPACT THE REAL ESTATE INDUSTRY?

Multiple Listing Service (MLS)

Blockchain technology has the ability to centralize data from disparate sources in one shared location. Ideally, the property information is updated and accessed by agents and other real estate professionals in real-time from one location.

Title Insurance

Similar to the MLS, consolidating title records to one location would streamline efficiency in transferring title between the buyer and seller. If blockchain technology is adopted, town and county recording offices would implement a system of digital recording that would allow transparent access to land records.

WHAT BLOCKCHAIN TECHNOLOGY CANNOT DO

Cannot replace humans

It is integral to implement and maintain a checks and balances system. Data errors such as typos, missing property information, and other discrepancies are not caught by the digital ledger. Prior to submission, a county clerk, for instance must review documents submitted to a blockchain registry as a form of checks and balances to protect against data fallacies.

In addition, the primary responsibilities of realtors, appraisers, attorneys, title agents, lenders, and other professionals are pertinent to the sale and closing of a real estate transaction. As blockchain technology becomes more robust, it will never be able to replace the specialized roles of these individuals.

Cannot protect a buyer's/lender's rights

Title insurance is the only way to safeguard one's investment against a claim of ownership with the property. Title companies remain valuable to the consumer because they are the only entity that can guarantee that the property title is clear.

Cannot retrieve historical data

With hundreds of years of property records in the United States, it is near impossible for blockchain technology to incorporate historical data. This technology works best by using current records to build a best-in-class system.

WHY BLOCKCHAIN IS IMPORTANT

In short, blockchain technology is beneficial to industries like real estate, where transactions move from one entity to another. Embracing new technologies will enable businesses to become more efficient and secure in the years to come.



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