

# Teraview

## Ontario's New Searchable Electronic Land Registry

Reprinted from *Canadian Lawyer*, January 1997

By Gerry Blackwell

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Teranet, the company partnered with the Ontario government to create an electronic land registry system, rolled out its new software last fall. While lawyers give the product good reviews, it's still an open question whether it makes firm financial sense.

Since last June, Siskind, Cromarty, Ivey & Dowler, one of the largest law firms in London, Ontario, has been testing Teraview, the software that provides remote access to Ontario's computerized POLARIS database of land registry information.

The program promises - or threatens, depending on your point of view - to revolutionize the way lawyers do title searches, and eventually the whole way real estate deals are done. In the meantime, it's churning up a lot of mud. Even pioneers like Siskind, Cromarty seem uncertain of the system's ultimate impact.

Wayne Goldstein, a real estate lawyer with the firm, says he has "nothing but a glowing endorsement for the product itself," but he's still not sure how and when Siskind, Cromarty will actually use it. "It's not really cut and dried when it makes economic sense to use Teraview," Goldstein says. "We've been grappling with this since first being exposed to the technology last year."

Tom Kelly, another London lawyer, a partner in Kelly, Barnes, Chapman, Hayes & Heynink, sees the primary benefit of Teraview as a tool for gaining competitive advantage. "I'm able to impress clients by giving them information while they're right here in my office," says Kelly. "I can get subsearch information [name of owner, list of active instruments, etc.] within minutes."

But Kelly says it doesn't cost him any less to use Teraview than hire a freelance title searcher - and he can disburse the title searcher's fee to the client, whereas

he can't disburse the charges for Teraview, yet.

The economic value of Teraview to lawyers - and the potential threat to freelance title searchers - will become clearer in the months ahead as the POLARIS system is completed and new features and functions are added to Teraview.

The Ontario Ministry of Consumer & Commercial Relations (MCCR) began building POLARIS, the Province of Ontario Land Registration System, in the late 1980s. It's a \$300 million project. POLARIS includes three databases: the title database with its abstracts of title information, a database of maps that will eventually depict all four million-odd land parcels in the province, and a database of digitized copies of instruments attached to land parcels.

The province eventually realized that POLARIS was far too big a project for government to undertake in an age of fis-

cal restraint. It also realized there was a sizable commercial market for the kind of detailed digital profile of the province POLARIS would provide. So in 1991, MCCR entered into a unique 50-50 joint venture with Teramira Holdings Inc. to

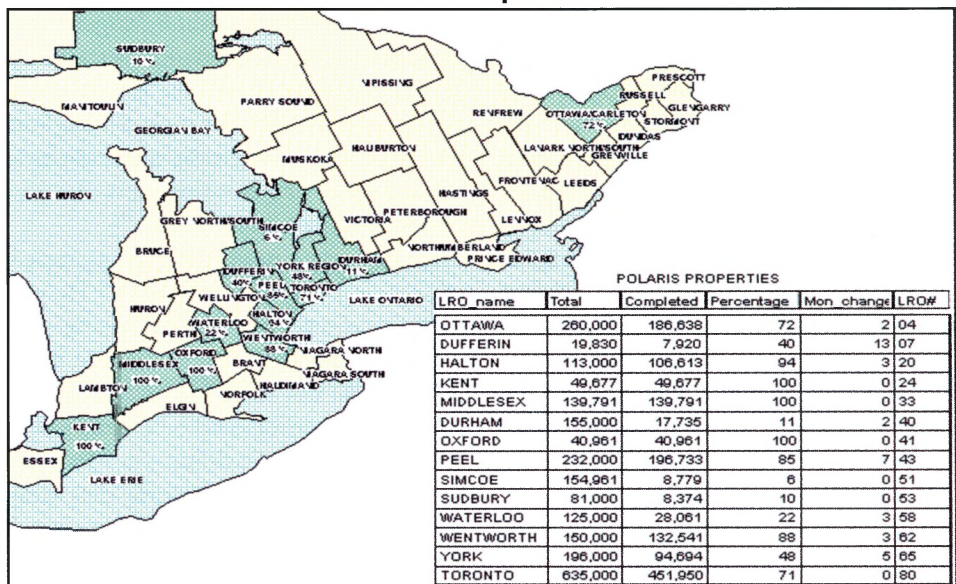
***"It's not really cut and dried when it makes economic sense to use Teraview..."***

form Teranet Land Information Services Inc. Teranet will complete the conversion project the Ministry began and market POLARIS-related products and services.

Teramira is a consortium backed by the venture capital arm of investment firm AltaMira. Minority technology partners include EDS Canada, an IBM-backed management consulting and information technology services company, Intergraph Canada Ltd., a company that specializes in interactive graphic and database systems, KPMG, a professional services firm and SHL Systemhouse Inc., a computer and communications systems integrator.

The conversion process now being com-

### Properties Available Via Teraview



Teranet Land Information Services Inc.

pleted by Teranet is a long one: It won't be finished until the year 2000. It entails key-punching existing records into a computer, digitally copying associated documents and building up highly detailed digital maps.

So far POLARIS is active in just nine Ontario counties. In the first three to be converted - Oxford, Kent and Middlesex - 100 percent of the land parcels are in the database. In the six others, anywhere from 30 to 85 percent of the conversion process is complete. Two other land offices, Durham and Dufferin, will be on-line before the end of the year.

"We're gradually adding title information for more offices and we're gradually adding document images and maps," says Teranet's manager of product marketing Maria Borkowski. "The thing to keep in mind is that those 11 offices have the highest concentration of parcels." While there are 55 land registry offices altogether in Ontario, the lion's share of the conversion work is in the first 20.

At the same time as the province is computerizing records, it is also converting parcels registered under the old Land Registry system to the newer Land Titles system. Under the Land Titles system, the province guarantees title to property, removing the onerous requirement to search titles back 40 years at the time of a transfer.

Where POLARIS is active, staff at Land Titles offices use computers to access parcel registers. In Oxford, Kent and Middlesex, this has been the case since the early 1990s. Some public terminals are also available for use by title searchers. Because it took Land Titles office staff less time to dig up the information, POLARIS significantly reduced the time it took to complete a search, Goldstein and Kelly say.

Siskind, Cromarty, which still uses some in-house title searchers, was able to reduce overhead because it took its paralegal staff less time to complete searches. Although Goldstein won't say so, the firm reportedly reduced its paralegal head count and now uses freelancers to do work remaining staffers can't do. Kelly, who uses freelancers exclusively, says title search fees dropped in London after POLARIS was introduced. He was able to reduce his disbursements as a

result.

Teraview, although it has been available on a test basis for over a year, was only officially launched in September. It's the PC software that provides access to POLARIS from a lawyer's - or anybody else's - office. Teranet will roll out the software and the associated service first in the nine counties already up and running with POLARIS, then eventually to the rest of the province.

Teraview users can currently view on their computer screen the parcel register which shows the name of the owner, the address, the Property Information Number (PIN), parcel description and a list of active instruments. Within months, digital copies of documents will also be available on-line. To get access to the instruments now, lawyers have to request that they be printed out and couriered from the land registry office or faxed.

"It can take as long as a day [for a fax] or as short as 15 minutes," says Goldstein.

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***Logging on to POLARIS is similar to logging on to the Internet, with user IDs and passwords.***

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"Generally it's pretty good."

Teraview also provides on-line access to the maps, which are useful for confirming the location of a property and identifying the abutting parcels which must be searched for Planning Act infringements. Teraview will automatically at the click of a mouse highlight all the legally abutting properties and list their PINS. You can zoom in or out on the maps to see a whole county or a close-up view of a few city blocks.

"The real estate market is also interested in Teraview," notes Borkowski. "They'll look at a neighbourhood [using the maps] and go from that to the title database to find out what the properties last sold for. Appraisers will be able to use it too."

Teraview is a slick program that runs under the Microsoft Windows and Windows 95 operating systems on IBM-compatible personal computers. You need a fairly up-to-date computer - a 486

or better and a modem, the device that lets computers talk to each other over phone lines.

Logging on to POLARIS is similar to logging on to the Internet, with user IDs and passwords. Teraview uses familiar Windows pull-down menus and icon buttons to make it easy to navigate. The first step is setting up a docket for the file so you can account for expenses incurred while on-line. The software forces you to set up a docket. Then you can access a property by PIN, by address or by name. When Goldstein demonstrates Teraview by looking for the parcel register for a file he's currently working on, he tries first by entering the address. It turns out to be wrong in the database. Then he enters the owner's name and locates the right parcel. "That's why it's a good thing that you can search in more than one way," notes Goldstein.

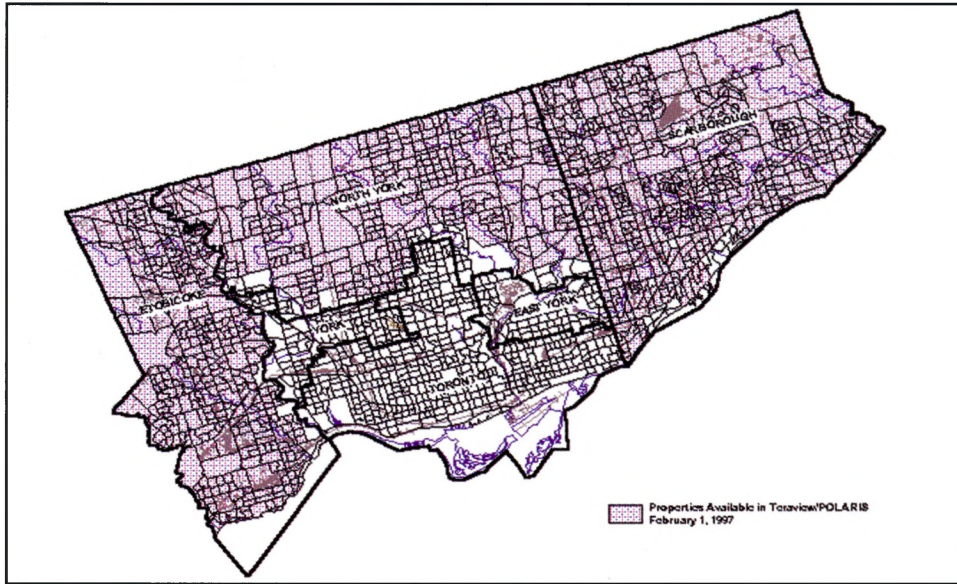
Small firms will not think Teraview is cheap. A single-user software licence - meaning you can't use the software on your network - costs \$500 a year. That entitles you to use the software to get information from one "Key LRO (land registry office)," presumably the one nearest you. Licences for additional Key LROs cost \$300.

The first two minutes of connect time for each docket are free. After that, it's 50 cents a minute. You also pay \$5 a month for a financial statement, which is broken out by docket and user.

Then there are the charges for the POLARIS information. If you go down to the Land Titles Office, MCCR charges \$5 per parcel register/abstract. If you access it through Teraview, Teranet charges \$15 for the first page of the register for parcels in a "Key LRO," \$2 for each additional page. If you want an abstract from an LRO for which you have not paid an additional licence fee, the first page costs \$25.

Teranet charges the statutory fees for documents - 50 cents per page for instrument copies, \$5 per page for plans. Then it tacks on a \$5 handling fee if you're sending someone to pick up the documents, or \$15 to courier them to you.

"We've had people in large firms ask why it's so cheap," says Borkowski. But in fact pricing is one of the issues with Teraview. While large firms may be able



*Teranet Land Information Services Inc.*

to amortize the cost of the software licence over a large number of files, smaller firms will have a more difficult time justifying the cost. And for most lawyers, the \$10 Teranet adds to the statutory cost of a parcel register is added to their overhead.

Borkowski figures that even with the \$10 per parcel additional fee, software licence and connect time fees, Teraview users can still do a subsearch for considerably less

than a freelance title searcher will charge for it. But Julius Spira, president of Comprehensive Legal Services Ltd. in Toronto, says it isn't so.

Assuming a firm can amortize the software licence fee over 50 files, with the POLARIS and connect time fees the total cost for a search comes to about \$30. "And the lawyer still has problems getting the deeds," Spira says. "Somebody has to search for them [in the LRO]. Who is that somebody and how long is it taking them? We charge \$35 for the service and the lawyer has what he needs within hours."

Although both Kelly and Goldstein acknowledge that using Teraview is not that much cheaper than using a freelancer, if any, they point out that this is not the real issue. There are two more important considerations.

First, there's the fact that Teraview costs add to overhead, while the freelancer's fee can be disbursed and charged back to the client. For lawyers who quote an all-in price for a transaction that includes lawyer's fee, disbursements and taxes, Teraview, even in its current stage of evolution, may make sense. It's faster and slightly cheaper for completing sub-searches.

But if the lawyer quotes a fee that does not include disbursements, there is much less incentive to use Teraview. "You can disburse a freelancer's fee," says Kelly, "but you can't disburse your own staff

costs. So it would make no sense to bring [title searching] back in to the firm. Those costs would just have to be absorbed as overhead. It would be a bad business decision."

The other factor is that Teraview users often can't avoid a trip to the land registration office to do detailed searches. The POLARIS parcel registry lists the instruments, but it may not be clear from the list which documents a lawyer needs to see - or which parts of a document. Some newer properties are governed by lengthy subdivision agreements of which only one or two pages are relevant.

"Paying 50 cents per page for 30 pages, of which 29 are irrelevant, does not make an awful lot of economic sense," says Kelly. So most lawyers still use freelancers to dig out the instruments, even if they use Teraview for the sub-search.

***"With any mass conversion, there are going to be errors..."***

That will all change, however, when Teranet puts digitized copies of instruments on-line. In many cases, the documents have already been scanned - the process of digitally copying them - but Teranet is still working on the technolo-

gy to get them to remote users quickly. "We want to get it down to a wait time of about 30 seconds [before offering the service]," says Borkowski.

When the on-line documents become available, probably within months, the system will be "flawless," Goldstein says. But he's still not sure how his firm

will use this flawless system - the issue of overheads versus disbursements remains.

"Internally we have to decide whether the product makes sense," he says. It would seem to come down to a question of whether the firm will move to value billing for real estate work. Value billing in effect transforms disbursements into overhead - which Teraview could help to reduce.

Kelly is certain he will use Teraview extensively if not exclusively, probably operating it himself in his office. For one thing, he points out that there are overheads involved even if you use a freelancer. "You have to order the research from the independent, follow up and make sure they do it, review it when it's done - and there is a cost associated with bookkeeping." Those would be eliminated.

Also, because closings on property deals are getting shorter and shorter, the speed advantage Teraview could provide once documents are available on-line would make a material difference in many cases. All in all, Teraview could provide a significant competitive advantage, Kelly says.

But he doesn't see the profession switching over willy-nilly and driving freelance conveyancers out of business. "For now," he says, "most solicitors don't agree with me. They're not interested in it. They see it as another step. However,

## Sites to See

The following is a list of web sites from the A.O.L.S. or related organizations. Every effort has been made to ensure that the addresses are up-to-date and correct.

If your firm's web site is not listed here and would like to be, please contact the Association office:

**Corporation of Land Surveyors  
of the Province of British Columbia**  
<http://islandnet.com/~bclsweb>

**CIG Home Page and Geomatics Internet  
Newsletter**  
<http://132.156.33.161/organizations/cig>

**Geomatics in the Era of Radarsat  
Ottawa - May 26-30, 1997**  
<http://www.ccrs.nrcan.gc.ca/ger97/>

**Spatial Data Infrastructures - Ottawa  
June 8-12, 1998**  
<http://www.ccrs.nrcan.gc.ca/sdi98/>

**International Cartographic Association  
Ottawa - August 1999**  
<http://www.ccrs.nrcan.gc.ca/ica99/>

*Continued from page 5.*

it's tougher to predict [how the profession] will respond once we have all the documents on-line."

Freelance title searchers are naturally not happy about Teraview. "The forward-thinking ones will adapt to the technology," predicts Borkowski. "They'll see it as inevitable and they'll find ways to add value." But she admits that when Teranet conducted focus groups with freelance paralegals, it uncovered "a lot of ill will."

Spira won't get the technology until the whole province is on-line. Then, he says, he'll be able to do title searches in LROs that are currently outside easy driving range of his Toronto base.

Other than that, he sees no big opportunities for adding value and finding new business. And in the meantime, competing with Teraview will probably force him to drop his rates, although he doesn't see it happening right away.

Spira is also a vocal critic of Teranet and the way it is implementing the POLARIS conversion. He says Teranet is cutting corners and making too many mistakes in the key punching.

The number of errors has got to the point that freelancers like Spira are refusing to report them for correction as requested

by MCCR, he says.

Bill Campbell, a conveyancer with Blaney McMurtry Stapells in Toronto, agrees the rate of errors seems high. "I don't think [Teranet is] as concerned as they should be about whether the information is accurate or not," says Campbell.

However, according to Kate Murray director of titles in the Real Property Registration Branch of MCCR, under its agreement with the Ministry, Teranet is committed to a rigid formal conversion process that includes several quality assurance steps. Teranet and MCCR

are aware of recent concerns about accuracy, Murray says, and have added more quality assurance.

"With any mass conversion, there are going to be errors," she says. Some clients, Murray suggests, may be intolerant of errors in the computerized record that they would take for granted in the paper record. Still, as of December 1995, the error rate was only 0.2 percent, according to reporting from Teraview clients, she says.

These were mostly relatively minor errors. The real risk, both with errors committed in the keypunching and title irregularities being overlooked in the rush to convert properties to the Land Titles system is that owners may make claims against the ministry for damages or losses. "To date," notes Murray, "we haven't paid out on anything."

Title searching on-line is just the beginning. Teranet will also be putting writs and executions on-line making them accessible through Teraview. Lawyers will be able to reduce delays on the day of closing caused by conveyancers having to check writs before registering a transfer.

"It might make the difference between clients getting their money at noon or at 3:00 o'clock and in some cases holding up moves," says Kelly. "And that makes for happier clients."

The development that will irrevocably push the profession down the road MCCR is pointing will come in a little less than a year when Teranet introduces on-line registration of property transfers. Lawyers will fill out forms on a computer screen and submit them electronically. It will no longer be necessary to have a paralegal or associate for both sides of the transaction at the courthouse on the day of closing. Closings could be completed in one of the lawyer's office.

The advantages in time, convenience and cost of all these on-line developments taken together - detailed title searching, on-line writs and executions, electronic registration will make it very difficult for lawyers who don't have Teranet to compete.

*Gerry Blackwell is a London, Ontario-based freelance technology writer.  
(gblackwl@inforamp.net)*

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