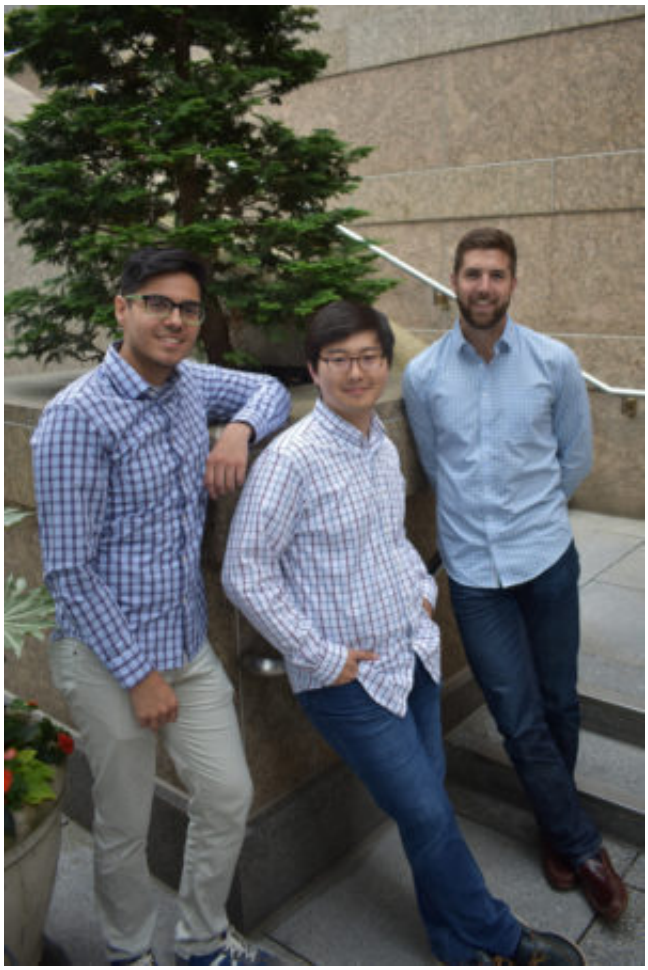
Modus launches to speed up and protect home closings

There are a few problems with the closing process and escrow, according to the founders of a new startup called Modus. One: their slow pace. And two: the potential for fraud.

That's why Alex Day, Abbas Guvenilir and Jai Sim founded their Seattle-based company, which promises to digitize and speed up the home closing process.

"What we noticed in purchasing our first homes a year ago is that title and escrow is essentially a 100-year-old antiquated business, but it acts as the quarterback of the home closing process," Day said.



Modus co-founders Abbas Guvenilir, Jai Sim and Alex Day. Credit: Modus

This new platform will allow real estate agents to choose to use Modus as their title and escrow shop. Instead of working with a traditional title company or escrow agent, real estate agents will trust Modus to handle every aspect of their home closing. Agents and clients can log on to the platform to monitor each step of the closing, like TurboTax or the Domino's pizza tracker.

Moving this process online saves time in meetings throughout the closing process. Real estate agents can also outsource much of the manual data entry associated with home closings to Modus. The platform costs around the same as traditional escrow pricing, or 0.1 to 0.3 percent of purchase price, the founders said.

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Putting all of the communication between parties in the home closing process in Modus takes much of the transfer of personal and financial information out of email, where it has more potential to be hacked. Keeping that information within a secure web platform focused on the specific needs of home closings is one way to avoid escrow fraud.

"I bought my first home as a fix-and-flip working with Sotheby's. I had an awesome experience with my real estate agent," Day said. "But as soon as I entered home closing it felt like it went back 50 years technologically. It was insane to be asked to fax things, print and scan and sign things and deliver checks."

The co-founders are launching Modus this week, available for agents and homebuyers in the greater Seattle area. The Modus team consists of about 10 engineers alongside two longtime

escrow professionals who joined the company through the acquisition of their firm, Best Escrow. That acquisition gave Modus the licensing it needed to operate as an escrow agency.

The co-founders, who met working for the food delivery startup Peach, began working on their idea for the real estate industry last fall. They quit their jobs to go full-time on Modus in January and have raised an undisclosed amount of funding in a round led by the Los Angeles venture capital firm Mucker Capital.

And the platform is already in operation for a select group of real estate agents from Sotheby's International Realty, John L. Scott Real Estate and Windermere Real Estate. Modus has completed its "first few" transactions and has 10 coming online for closing in the coming weeks, the founders said.

With Modus, the founders are focusing on recruiting top-producing agents to join the platform and creating a waitlist for other agents to join.

After getting off the ground in Seattle, the team plans to expand along the West Coast. The focus will stay on markets west of the Mississippi for a while, since the escrow process is different on the East Coast, with older land deeds and the involvement of real estate attorneys. But eventually the goal is to become a national company handling the closing process in every major city.

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