

Doma CEO: homebuying process is 'better, faster, cheaper' with us

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Yahoo Finance's Brian Sozzi and Myles Udland speak with Doma Founder & CEO, Max Simkoff, about the company's SPAC merger and outlook.

Video Transcript

MYLES UDLAND: All right. It's been an interesting year in the real estate market, and also in the capital markets. And now we have one, let's call it a housing tech company, set to go public via a SPAC. Doma is going to join forces with Capital Investment Corp. 5, and they will come public at sometime later this year. Doma CEO Max Simkoff joins us now to discuss Max let's start with what dilemma is this way I closed on a house three weeks ago what would you have made easier for me in that process?

MAX SIMKOFF: We would have made the whole process easier. So everything from understanding how the whole process worked, what you were paying for, all the way through to signing your documents, which ideally you would have been doing electronically. My guess is, you probably did that in person. And we would have made it may go better, faster, and would have done at probably at much lower cost than what you might have paid. So it would have been better, faster, cheaper with Doma.

BRIAN SOZZI: Max, I'm just interested, before we get into the numbers of the business, why did you found this company? This is a, it's an industry not many people would think about trying to disrupt. A lot of paperwork, a lot of entrenched players. Maybe that's you founded it, but still, when did you get the idea for this?

MAX SIMKOFF: Yeah, I got the idea for founding this company when I went through the process of closing a mortgage myself. I remember very distinctly when I made my first home purchase, I sat in the office of a title company. I felt like I was sitting in a funeral home, quite frankly. Lots of high pile carpet, mahogany wood everywhere, stacks of paperwork. And I just couldn't believe how time-consuming it was and how opaque, actually, the whole thing was. I didn't understand a lot of what I was signing. There was a lot of money changing hands really quickly.

And when I started asking people involved in the process, I was like, why can't I do this electronically? Why isn't this easier? Why doesn't it have less friction? I didn't get great answers. I went through the process of then doing a couple of rate and term refinances over the next several years as interest rates went down. And the whole thing repeated itself, right? I found myself sitting back in that same office signing all that paperwork again. And I was just shocked by the fact that there wasn't a better way to do this much more simpler.

In a world where pretty much every experience that we've come to interact with, we expect to be instant digital. This one was still painfully slow and laden with paperwork. And so I said, why not, why not build a better way? And like most entrepreneurs, I think it was my naivete that probably helped me, right? I didn't, I didn't know the structural barriers to entry in the market. I didn't know the complexity of what closing a real estate transaction looks like. And we just focused on making it easier. And that has always been the inspiration ever since I went through that personal experience.

BRIAN SOZZI: Are you profitable?

MAX SIMKOFF: We are not currently profitable. We, there were actually a handful of months in the second half of last year where the business was profitable. And our focus really is in investing significantly in the kinds of technology that we've pioneered to remove most of the friction, frustration and expense out of this process. We, because we expect the business to continue growing quite aggressively--

--As we announced in our investor presentation that we made public now a week or two ago, we expect for our closed order growth to grow over 50% a year for the foreseeable future. And so we're investing pretty significantly both in growth and building more game-changing technology to make this an easier process for all involved.

MYLES UDLAND: And you know, Max, I'm curious. You talk about some of the structural barriers, the entrenched parties, I guess, as it were, that are throwing all the paperwork at me and saying, sign, date, initial, blah blah blah. Who are those players right now? Like, who wants to work with you and who would rather you guys not continue to gain a foothold in this space?

MAX SIMKOFF: So as far as I can tell, everybody who's ever experienced the pain of closing on a mortgage wants to work with us, because almost to a person, it was a pretty bad experience. So we sign up partnerships primarily through large mortgage companies and through realtors. So mortgage companies for refinance business and realtors for purchase business.

And we're very lucky and fortunate that we're working with some of the largest mortgage originators in the country now. These are folks like Chase Home Lending, Pennymac and Homepoint. These are some of the largest mortgage companies in the country by volume of mortgages they do every year. And then we have literally thousands of realtors who refer us business on an annual basis now for purchase transactions.

To answer your question around who are the companies that are not thrilled about what we're doing, those really are the kind of entrenched legacy incumbents. There's not that many of them. There's four publicly traded companies that own, like I think it's more than 80% of the top line gross revenue dollars that go through the title and escrow process in mortgage closing. And my guess is, they're not particularly happy to see that we have poured all of our investment into technology and innovation to make this an easier and more affordable process for homeowners.

BRIAN SOZZI: Max, New York is an important market, I'm sure. Has New York welcomed you in yet?

MAX SIMKOFF: Not yet. We are hopeful that we're at the tail end of our process to get an insurance license in the state of New York. It is a very important market and one that we look forward to competing in and bringing our value proposition to. We've been through the process now of getting our application with the New York Department of Financial Services, and hopefully, are getting towards the tail end of that process where we can start competing in that market, because it's a really valuable one for us.

MYLES UDLAND: All right. Max Simkoff is the CEO at Doma, set to come public via SPAC later this year. Max, congrats on the deal. I'm sure we'll talk as you guys get closer to coming to market. Please stay in touch.

MAX SIMKOFF: Yeah, thanks for having me, guys.

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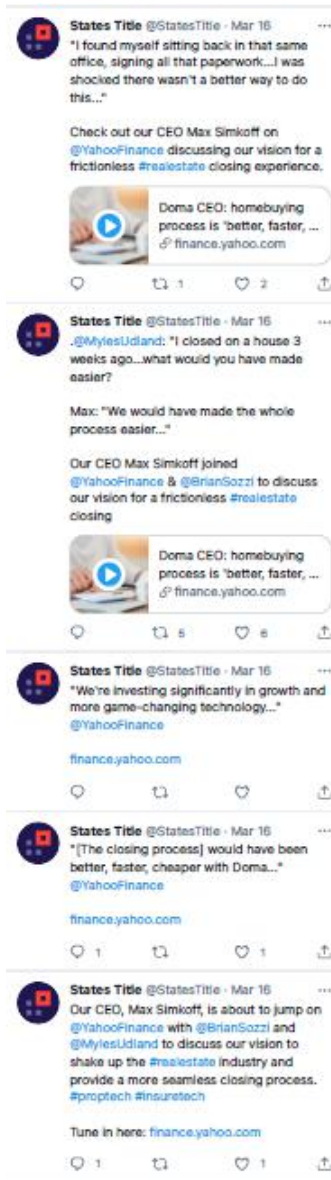
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