

Enterprise Transaction Management – Security Back Office – Forms – Signatures – Compliance

Hunt Real Estate Case Study | November 2015 | Prepared by WAV Group





About WAV Group

WAV Group is a leader in providing consulting services to the real estate industry and is comprised of corporate executives with a depth of expertise in both the real estate industry as well as the consumer market.

The company has conducted studies for some of the largest organizations in the industry. For more information or to register to receive reports, releases and newsletters, please contact Victor Lund at Victor@WAVGroup.com

WAV Group works with Multiple Listing Services, associations, real estate firms, franchise organizations and technology vendors in the US, Canada and Europe. WAV Group has expertise in strategic planning, technology evaluation, product development, market research, recruiting, sales and marketing plan development, technology selection and implementation.

WAV Group Communications offers full service communications and public relations.

WAV Group encourages boards of directors to participate in their quarterly WAVinars, titled WAVes of Change. This quarterly series provides an examination of issues and trends that shape the real estate industry.

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Hunt Real Estate Case Study

In this case study, we aim to allow brokers to understand how to evaluate a technology partner offering Forms Management, Document Management, Electronic Signatures, and Transaction Management. Specifically, we are going to examine how Hunt Real Estate extended an MLS solution and made it a broker solution. We think that this study is valuable because there are many areas of the nation where Instanet or other provider of forms to the Association or MLS but brokers have not taken advantage of their full broker suite that enables the streamlining of real estate transactions.

WAV Group always looks holistically at the broker's enterprise environment. Hunt Real Estate resides in Upstate New York spanning over a dozen MLS areas along with offices in Phoenix, AZ. WAV Group always begins the process of looking at broker products and agent products offered by the Association of REALTORS® and/or the MLS. We also evaluated their offerings through their ERA franchise organization and networks like The Realty Alliance. With transaction management, a legal gate to selecting a transaction management solution is Forms Licensing. **You cannot simply put the Association forms in your transaction management solution without permission from the forms provider!**





Problem 1 – More than one Forms Library

In the Hunt market regions, 90% of all agents were accessing various local association and MLS forms through Instanet®. In the remaining markets (2) they were accessing forms through ZipLogix™. A careful investigation showed that in addition to the forms in Instanet and ZipLogix, the brokerage required forms of their own. In many cases agents were combining forms from two sources to prepare for a transaction.

On an office by office basis, Hunt was putting their shoulder into keeping the forms current and training agents to pick the right forms from the right forms library every time. They were actually expert at it, relying on the experience of their agents, managers, coordinators, and compliance officer to get it right every time. But technology does a great job of doing this type of work. Because we know about the subject property, we know a lot about many of the forms required for the transaction. Because we know about the Hunt agent, we know a lot about the forms required by the broker for their office and area. The system does the work more efficiently than the human capital invested in the checks and balances system.

Both Instanet and ZipLogix support the addition of broker forms into the forms library in the Association or MLS solution offered to agents. There is typically a fee for programming the forms, but this is a great investment relative to having overlapping and duplicated forms libraries.

Integrated Forms - Licensed Forms + Broker Documents

Start your decision making process with forms evaluation. I purposely separated Forms Management from Document Management to make a specific point: the two are often different. Forms are typically delivered through a license with the MLS or Association of REALTORS®. Documents are additional forms or documents that the broker requires.

There are a number of technology firms that do not have licenses that allow State or Association forms to be loaded into their solution. If you learn one thing from this case study, make sure that the application you are selecting is explicitly permitted to display state department of real estate (a.k.a, real estate commission and state or local Association of REALTORS® forms. Don't trust the vendor.

Example:

We were brought in to an arbitration between a vendor, broker, and an Association of REALTORS® where the broker loaded the forms into the vendor's forms library. According to the agreement between the broker and the vendor, that is permitted use and the broker is responsible for any content loaded into the system. The Terms of Use of the Association forms indicated that it is not permissible use to load the forms into a third party solution without proper licensing and security. The vendor told the broker that it was not a problem. The Association wrote a cease and desist letter to the vendor to remove the forms from the forms library in the vendor's application. The vendor pointed the finger at the broker. The broker pointed the finger at the vendor. The Association explained to the broker and the vendor that they need a license agreement. The license agreement was beyond the vendor's appetite, so the broker was on the hook for the expense. Not a good ending for anyone.

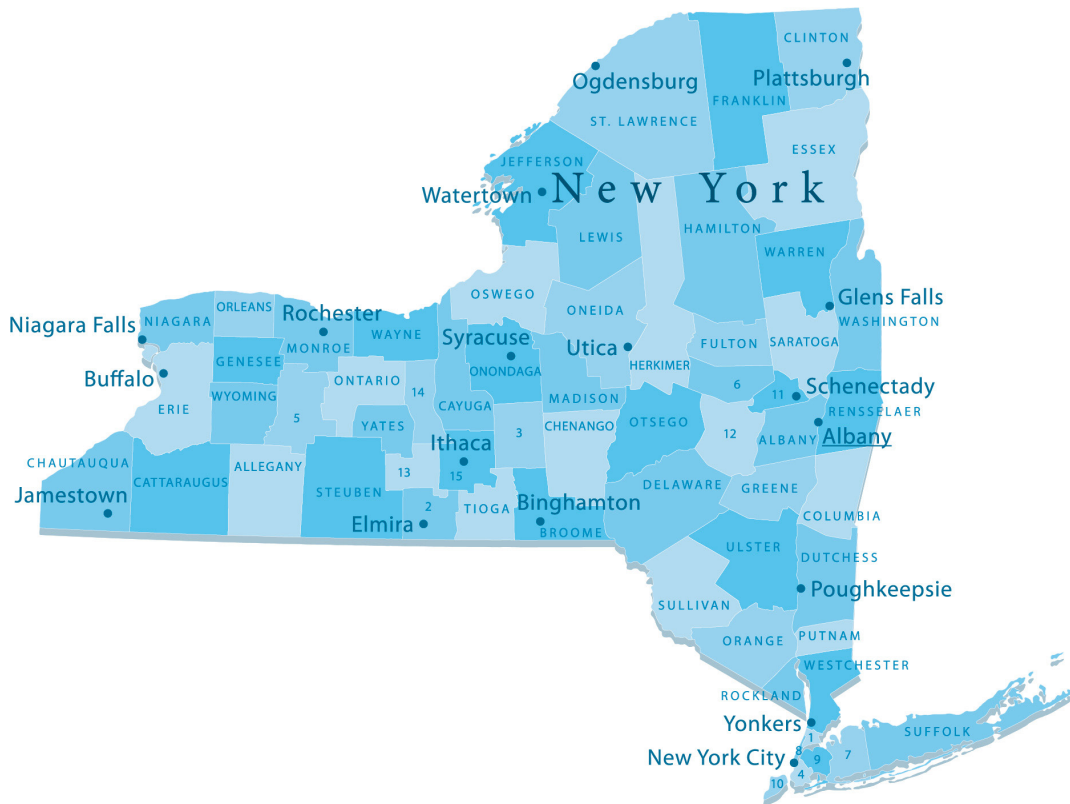
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Location Analysis

Hunt Real Estate is located across upstate New York. If you color in the State from left to right, you would begin in Buffalo and paint in all of the counties until you get to the eastern side of Albany. It is roughly 50 counties. I always think in terms of counties because that is where the property transaction is normally filed. The number of REALTOR® Associations and MLSs that Hunt is a member of is nearly 30.

The challenge to vendor selection across an enterprise brokerage is made difficult by the presence of multiple Associations of REALTORS® and MLSs that the company and its agents belong to. Each one has different rules, different data license agreements, different forms, different copyright agreements, etc.

In the case of the Hunt analysis, we were fortunate that Instanet™ is the forms provider to all of their markets except two, one in NY State and another in Phoenix, AZ. In those markets, integration was done with ZipLogix™



Data Licensing

Programmed forms will often integrate with other data systems like the Multiple Listing Service (MLS). As a subscriber to an MLS, your vendor will need to get access to either an IDX or Full MLS data feed. IDX typically allows access to active listings and recently sold data. Sometimes properties that have not been listed in the past seven to ten years will require public record data or manual input for the subject property.

Have a discussion with your vendor about property data licensing. Managing data feeds across multiple MLS markets is difficult. Often, the vendor will charge you a monthly fee to manage data in each market. It is a good idea to bring your website vendor into the discussion about data feeds. You may be able to use your website's vendor to provide a single data feed to your forms/document vendor. Again, this requires data license agreements. Instanet provides multiple types of integrations with MLS services and all of the leading Tax Record services. Ziplogix does integrations with MLS, but not Tax Records today. This is an important note when populating new listing agreements

Best Practice

Ask each AOR and each MLS you are a member of about data licensing for forms. There may be contractual issues or fees with some brokers and not for others.

Review your data license agreements every year.

Ask your AOR or MLS if they have any reported grievances against the vendor for improper data licensing.

Best Practices for Managing a Single Enterprise Forms Library:

Contact the forms provider in your market and get an answer if you are unsure. Alternately, just look at the forms you use and see who they are copy written to at the bottom or top of the form.

In your contract with the vendor, make sure that they will indemnify you from copyright infringement.

Integrate every form ever used by any agent into one library that uses business rules to present the correct forms to the correct agent for the correct transaction area *every time*.

Problem 2 – Legacy forms

Hunt Real Estate is a large firm and they have resources that many mid-sized and small firms do not have. They have a regular practice of forms training and education, along with processes for updating forms and eradicating outdated forms across their enterprise. But there is an easier way. With proper forms management, there is a clean process for cutting over from an old form to a new one. The forms administrator for the brokerage takes the new form and provides it to the vendor for programming and branding. The vendor then programs the form and loads it into the system. On the cut over date, the old form is archived and the new form replaces it.

Best Practices:

Talk to your Association of REALTORS® or MLS about forms training. They normally provide lots of classes when there are new forms coming out. Some are webinars; others are done in their training center. Large brokers will find that if you can get agents to attend, the AOR or MLS will send a trainer to your location.

Another good option is webinar-based training. Most vendors provide both live and recorded webinars. The advantage of both live and recorded webinars is that people can watch from their office or home-office, without having to meet in one physical location.

Recorded webinars allow people to watch them anytime they want and also have the benefit of allowing people to pause or rewind them to suit their individual pace.

Require manager training. Depending on the brokerage the manager may or may not be involved in reviewing transactions. We believe that does not matter. Regardless of the manager's involvement they should be knowledgeable about every form used by the agents and the forms solution. Think of it as a recruiting and retention training. If your brokerage has the best solutions for processing transactions, it is attractive to producing agents. The manager needs to do more than just say "we have great transaction management" - they need to know it.

Communicate, communicate, communicate. Many agents do one or fewer transactions a year. When you are not using the tools and forms every day, you lose a feel for the process. Communication is a key to helping these agents out. When they get a listing, get a trainer to retrain them right away! Otherwise you may want to implement policy that agents who do less than X number of transaction per month or per year are required to use a transaction coordinator. Requiring this group of agents to use a transaction coordinator can turn the high cost of retraining and coaching a low producer into a broker benefit that reduces cost and risk. Try a transaction on an iPad!

Forms Automation: Data Driven Form and Document Library

There are two features to forms and document management that are critical for usability and agent adoption. First, the forms and documents must be data driven. You do not want the agent to key or type in all of the information on each part of the contract. This repetitive task is not only labor intensive, but it is prone to inaccuracy. Today's modern software services will populate most of the standard documents for the agent. Secondly, the library must store all of the forms so that agents do not need to upload them for each type of transaction. We will talk about transaction management later, but it is worth mentioning at this point that a key component of transaction management is that the type of transaction will allow the solution to pull all of the forms for the agent as a contract bundle.

Forms Programming – this is a technical term that can mean a lot of different things, but here are the basics. The form you provide to the vendor must be programmed into their library, connected to their database, etc.. When they program the broker form it must be associated with the offices and agents in your firm. Sometimes large firms require different forms for different regions – so the broker-required forms Hunt uses in Buffalo may be different from the broker-required forms in Albany.

A second component to adding broker forms is making the forms smart. Smart forms allow common fields like Buyer First Name to be dynamically filled in across all forms selected for a transaction. It eliminates tiresome duplicate field entry and reduces mistakes. Part of this process is also to enable the forms for electronic signings.

Forms Programming

Forms or document programming can be performed either by the vendor or the broker. This can be a key variable in pricing from a vendor, so be sure to make this part of your discussion. Some vendors will charge you a per document programming fee.

Almost every solution offers the ability for the broker or agent to make a form smart or data driven. You drop fields onto the form and indicate what the field is for – ie. Address Line One. Usually these fields can also be programmed for more detailed business rules like “numeric” or you can limit the field to a certain number of characters, etc.

Best Practice

Top brokers should brand everything, including forms. It looks sharp when people are at the closing table or signing electronically. Consumers who may be represented by a firm that has not branded their forms note the difference. One company looks buttoned up and the unbranded company looks generic.

Even though you can program forms on your own, I recommend against it. Your vendor will do it better and cheaper. Moreover we have learned that during a forms conversion, they will typically migrate your forms and charge the MLS or Association for the fees involved. (Brokers should ask their Association or MLS to negotiate this as part of the service fee from the vendor).

Test it. Always, always, always put your forms through a rigorous quality assurance and quality control test. Your vendor should be able to provide you with solid forms testing guidelines and training.

Always put your forms through a rigorous quality assurance and quality control test.

Problem 3 – Overlapping Transaction Management Systems

Six years ago in 2009, WAV Group wrote a paper on Transaction Management systems that made the claim that these systems finally worked. I think that the pivotal resource that brought Transaction Management systems into the fold as valued tools was the integration of online forms and electronic signatures.

WAV Group provided a position statement that there should only be one Transaction Management solution in a given marketplace. These transaction management systems are too difficult to learn and maintain. **Transaction Management systems do not talk to each other!**

In any place where one broker uses one transaction management system and the other broker uses another, one needs to be the primary system or both brokers, agents, and consumers are in a tangled mess between two systems. The moment that you introduce more than one system, WAV Group believes that you have eliminated the benefits of Transaction Management. You may as well do the transaction manually rather than in multiple systems.

If you are in a marketplace where every broker has different overlapping transaction management systems, you may want to introduce policy. Some brokers tell their agents that the seller's representative prevails in using a TM system. Other brokers say that their agents are not permitted to ever use another broker's TM system for security and liability reasons.

Example

Recently, DotLoop was sold to Zillow. There was a significant amount of fanfare about why Zillow would pay over \$100 Million for such a small company. In trying to deduce the angle that produces such an appreciation of value, people tried to understand what Zillow may be purchasing that goes beyond the current business. There were articles that pointed to the terms of use, the privacy policy, FSBO, etc.

At the end of the day some brokers find using another firm's Transaction Management system uncomfortable so they forbid agents from doing it. In these cases the broker simply loads the completed transaction from another system into their system using email or fax.

Best Practice

Talk to your MLSs about one solution for the marketplace. Transaction management is a key feature effective for cooperation and compensation. It does not level the playing field.

Have strict policies. Transaction Management cannot be optional if you are putting it in your company. Every transaction must be in the system or the agent does not get paid. At the very least the transaction management system becomes your document repository. Your vendor should offer many ways to load documents into the system from electronically signed documents automatically routing into transactions for most agents and as rudimentary as fax-in for those “less technically inclined.” Insist on paperless, but don’t make your staff become professional scanners.

Do not allow your agents to use someone else’s transaction management system unless you have done your legal research and concluded that your competitors transaction management system is safe, protecting the information and privacy of your firm, your agents, and your customers.

Be sure to draft a policy that spells out what happens when an agent leaves your firm and what access they will have to past transactions.



Problem 4 - Task Management is always different

At its very core, a Transaction Management system is an automated checklist that divides the transaction process into tasks and assigns those tasks, tracks their completion, and allows the right people to see the right parts of the transaction at any time. We started this paper out with a heavy emphasis on forms because they are the foundation of transactions. The second part is tasks.

In any transaction there are people who have roles. It is useless and would be long winded to write down all of the possible roles that people can play in a transaction because it is market centric and broker specific. The key to task management in your Transaction Management solution is the ability to easily integrate people and assign tasks.

Best Practice

Write down your process and business rules.

Review your transaction checklists regularly.

Require that the transaction checklist be submitted with each transaction before the agent can get paid.

Check with title companies, mortgage companies, insurance companies and home warranty companies to see what suggestions they have for streamlining the checklist.



Problem 5 – Remembering the Password

Hunt wanted to implement a new system, but didn't want its associates to have to go to another site or learn a new set of login credentials. Our goal with Hunt was to provide agents with access to Instanet, fully branded to Hunt, and accessible from the Hunt intranet without requiring the agent to log in manually, but still allow secure access to the system from their existing MLS account if they already had one.



So we worked with Instanet and they were able to do the following:

Create one instance of the Instanet platform for Hunt. This gave all Hunt associates the same experience and system, regardless of whether they are in Syracuse, Buffalo or Arizona, and gave the broker one system to access regardless of MLS affiliation (more on this in the Reports section)

Ensure that each associate "landed" in the same, correct account regardless of whether they logged-in from their MLS, association website or Agent Achieve.

Provide all associates "one-click" login from the MLS or Agent Achieve.

Do all this securely.

The result and benefit was that associates with existing Instanet accounts could still do what they were doing: logging in from the MLS. The broker didn't have to work to change their behavior. And the agents could now also login via Agent Achieve with one click, giving them more options for access to Instanet.

In this case, Hunt's intranet vendor is CoreLogic through their AgentAchieve intranet. Ironically most of Hunt's MLS markets also use CoreLogic, but not all of them. What we did learn is that Instanet was happy to do Single Sign On integration with AgentAchieve regardless of the MLS vendor. This was pretty easy for Instanet because they support single sign on with every MLS vendor in the marketplace. Hunt agents were able to benefit from the broker's single sign on integration even in markets where Instanet did not have single sign on active with the MLS (unfortunately, not every MLS has Single Sign On today, especially the smaller ones).

Problem 6 – Reports

Brokers who span multiple markets offering multiple transaction management systems have problems with reports. One would think that in this modern age, running a report across your company to see every open transaction or see open transactions by office or team or agent would be simple. It's not. Most brokers need to go into multiple systems, or worse yet – call each office and get a list. It is horrible.

When selecting a transaction management solution you need to consider a few things related to reporting.

First, what reports do you require? Who should have access to them?

Second, how will you transfer your past transactions into the system so that they have reporting capabilities?

In the case of Hunt, we learned something fantastic that we had never learned before. The only forms and transaction management system ever used in Hunt's core MLS markets was Instanet. The broker does not have access to the agent's Instanet account in the MLS, but does have access through the broker solution. It does not matter if the agent is accessing Instanet via the MLS or via the broker intranet – **every past transaction done by every Hunt agent is now under the broker's access and reporting permissions.**

This next Instanet capability is not trivial. Instanet migrated every prior Hunt transaction they had into Hunt's instance of the system. For the first time, Hunt has a single point of access to every transaction done on the Instanet transaction platform dating back to inception. The ease and ability to pull up those transactions represents an enormous value to Hunt.

The same benefits for one source of reporting also play a role in compliance review. All compliance review happens in one system regardless of agent, office, or market area.



Problem 7 – Conversion, Adoption, and Training



Earlier I spoke about the demands on the brokerage when you have agents with low transaction volume trying to adopt transaction management. These are complex systems because real estate transactions are complex. Getting agents to use a complex system can be daunting. Training for forms management alone requires effort. Layering in Transaction Management on top of that adds an additional burden.

The benefit Hunt realized by upgrading the Instanet broker solution is that it did not require any conversion. Many agents were already using the system. Because the forms they need for any transaction were already in Instanet, they had agent adoption right out of the gate. Since every agent across the company was already using Instanet, they only needed to learn two things. First, the company forms are now combined with the state forms so there is only one forms library. Secondly, they can access Instanet either from the MLS or from the broker's intranet and have the exact same user experience.

Conversion, adoption, and training are the keys to launching any solution in a brokerage. When you can create a broker version of an existing solution provided by the Association or MLS, you overcome a major roadblock. In this case agents who cross two MLSs could now use the same solution for both! They are not forced through any one path and have one account where they previously had two.

Problem 8 – Integrated Signatures

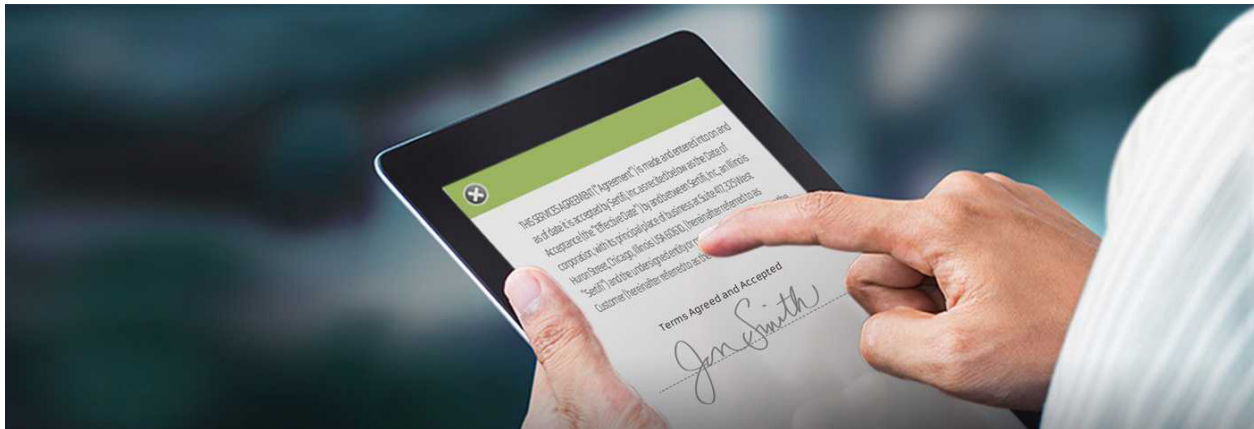
Not all electronic signature solutions are equal. DocuSign™ has a high brand name recognition in part due to ongoing promotion and partnership with NAR; Instanet offers Authentisign®, a comparable solution that is widely used and feature-rich. If you are using a solution like ZipLogix, go with the DocuSign integration. If you are using Instanet, use the integrated Authentisign solution.



Be sure to negotiate that anyone in your company can use the digital signatures. Often non-MLS subscribers will need to access and authorize in the system.

The key here is integration. Anytime a user managing a document in a transaction needs to export that document and upload it somewhere else for a signature, the solution will fail. It's easier to hit the print button than the download, upload, place signature block, email, etc.

Having said that, the integrated solution should also be useful for other stuff. Any agent should be able to digitally sign anything using the solution. The ability of an agent to sign personal documents is a feature that keeps them familiar with the transaction management solution even when they are not in a transaction. It also gives them confidence in the solution. For example, Hunt agents reported using Authentisign for many other business and personal purposes. That is a great way to drive adoption.



Problem 9 – Do Banks Accept the Electronic Signatures?

The Clinton Administration passed legislation that legalized the use of electronic signatures fifteen years ago. The federal courts responded to that legislation and now recognize electronic signatures as legal. It has taken some time for the State legislatures and State courts to do the same, but electronic signatures are considered legally binding in every state today. As I mentioned earlier, electronic transactions and electronic forms are of limited value if you need to print to sign.

Banks are a different story. Just because the law recognizes electronically signed documents as legal, that does not mean that the Banks need to accept them. When considering a transaction management solution, be sure to list the banks that you have worked with and have this discussion with them. Some banks require third party signer identification and the vendor should support this. Authentisign and DocuSign both do.



Problem 10 – Mobile and all computers

Any application that a brokerage offers in their business today must be totally functional on Mac and mobile devices. Agents and consumers alike have different preferences for Mac vs. PC or mobile browsers vs. apps. It's kind of a trade-off. It's a pain to log into an application on a mobile browser, but it is also a pain to download an app (and download the updates all of the time).

The transaction management product that you offer in your business must at least work on a mobile browser. Test it. Do not take the vendor's word for it! Agents will not adopt a transaction management product that is not effective on mobile phones and tablets. They need access to their deals from everywhere they can connect to the internet and it needs to work on any device. Test it!

Problem 11 – FAX

There is not much to say about fax machines other than to lament that they are still used. Just be sure that you look at how documents can be faxed into the transaction system and ensure they have a solution that allows documents to be faxed directly into a specific transaction. Some Transaction Management companies no longer support faxing. Make sure that you understand fax utilization in your company so you make a decision based upon the needs of your users.

Problem 12 – API integration

The most important API integration that Hunt required was with AgentAchieve. The agent record and the customer record information is passed to Instanet from AgentAchieve so that it does not need to be entered in multiple places. Hunt also has API integration with Google Apps for Work – so there are Gmail integration APIs that are deployed across all of the systems. Hunt can use the Instanet API for integration to Profit Power, their accounting solution, but they have not (yet).

The important note here is that the brokerage must look for places where they integrate data and transactions today and insure that the vendor has API support to handle those needs. Moreover, be sure to seek integration opportunities across all of your brokerage applications as part of your annual technology audit.

Problem 13 – Tech Support

Technology abandonment usually happens at Tech Support. Agents work 7 days a week, 24 hours a day. It is easy for technology providers to leave the servers on during weekends and holidays and turn off their support help line.



The first line of defense for technology support is the system FAQ. Inside software, vendors provide step-by-step instructions for how to do things. It is important that you review the integrated support in the software extensively. Note that many people don't like to read instructions anymore. The best vendors integrate a library of short "How to" videos so users can see how to do something, not read about it ("Show me, don't tell me!").

Additionally, be sure to get the support hours. Pay close attention to time zones and be sure to test them. We encountered an issue with a vendor recently that published 24 hour, 7 day a week support but when we called on a Sunday, it took 4 hours to get someone on the phone only to learn that the broker products are considered an "enterprise" solution and that they are only supported Monday through Friday. *I would note that the vendor was unaware of this and they fixed it.* Again, be sure to test support.

Hunt's experience with Instanet has been that average wait times have been just under one minute over the past year. Instanet provides 24/7/365 phone and chat support.

Problem 14 – Security

Security breaches of personally identifiable information are serious. CEOs get fired for security breaches, but moreover, the cost to the confidence of a brand can be insufferable.

Be sure that the firm you use has acceptable security and redundancy. Be sure to make sure the vendor employs the latest security methods and practices and provides a notification requirement for all security breaches. Also, ask the vendor to declare any security breaches that they have had before and review how they were resolved. Some transaction management companies are sorely lacking in security protocol. Make sure you are not a victim of their ineptness.



In regards to redundancy, ensure that the vendor has at least two data centers with copies of your data and that they are located in different metropolitan areas with different hazard profiles (e.g., if they are both in California and a major quake hits the coast, good luck).

Problem 15 – References

It may seem obvious, but too often we find that brokers select vendors without talking to the vendor's other customers. Using this list makes an easy discussion guide for checking references.

Conclusion

Transaction Management is a challenge for brokers today, although some firms like Hunt Real Estate are making them a seamless part of their business. We hope that this paper will allow you to create a checklist of considerations that will empower you to leverage Transaction Management more effectively in your company. If you have questions or need support, we are happy to help.



Victor Lund

Victor Lund is the CEO of RETechnology.com, partner in WAV Group Communications, and founding partner of WAV Group Consulting. During his 20 year tenure in the real estate industry, Lund has provided research and strategic consulting to most of the largest firms in real estate brokerage, franchising, technology, associations of REALTORS®, and Multiple Listing Services.

Today, WAV Group is focused on a number of projects that may have a fundamental impact on how consumers and financial markets access real estate information: Project Upstream, Broker Public Portal, Real Estate Standards Organization, and RED-PLAN.

More information may be found at www.WAVGroup.com or on LinkedIn [@victorlund](#).



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