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Outsourced transaction management

# Take a Job You Love and You Will Never (Paper) Work Again

By Julian King

My confession: I love to sell but I hate the paperwork. For me, the details get lost in the big picture.

When buying or selling real estate, an investor or professional real estate agent faces a mountain of details, loads of paperwork, and meticulous documentation of a pre-determined sequence and workflow that is necessary for every successful transaction. Do it right; the deal goes smoothly. Do it wrong; time is wasted and a deal may be lost.

## **NOT DONE TILL PAPERWORK FINISHED**

In most deals, a professional real estate agent, acting for a client, manages the paperwork and workflow. A few agents buy and sell houses and invest for themselves. On the flip side, some investors have real estate licenses and do their own paperwork with the goal of control and commission savings.

The feds and states require following a strict form, documentation, and disclosure. This is about pages and pages of putting the correct information in the cor-



rect places, and making sure the right papers go to the right party in the right sequence, and at the right time during the sale. It's not as simple as it sounds and it's hardly the best use of time for a real estate investor or real estate agent.

## **AVOID FETCHING & CARRYING**

The paperwork requires a lot of fetching and carrying. A real estate agent may delegate much of this to transaction coordinators in an office where they rent a desk or split their commissions with the broker who provides these back-office services.

Investors don't typically have this benefit unless they have a business with the sales volume that justifies a full- or part-time person with these sought after skills. For a small number of transactions, it is feasible to do it yourself, but in volume this becomes impractical.

## **JUSTIFYING ONLINE TRANSACTION SUPPORT**

Virtual real estate assistants and online transaction coordinators have gone mainstream as a more efficient and cost effective way to handle any closing. Successful providers are equal parts people, professionals, and processes.

There are online transaction systems, but without skilled professionals providing the back office support. Learning to use these systems takes up huge amounts of personal sales time and rarely meets expectations.

Associating with a broker has pitfalls, too; the back office is only as good as the people, their systems, and their attitudes.

## **IMPROVING PROCESS**

Justifying using an outsourced transaction professional is relatively easy for an

investor managing their own transactions or real estate agent/broker doing their own deals.

The main benefit is the transaction coordinator's expertise in real estate transaction management. They will perform the transaction better, faster, and more efficiently than someone who splits their time between finding clients, making deals, and marketing.

It's important to emphasize that back office expertise does not eliminate the need for a good seller to maintain the momentum of a sale and understand the next step. Paperwork should not displace sales activities, fixing the inevitable errors, reworking, or maintaining the workflow and schedule. Delegating paperwork means more time to find more deals. The best use of a skilled sales person is selling, not paperwork.

## **FUNCTIONS FULFILLED**

We spoke to Michelle Spalding, a licensed broker, founder, and leader of the Online Closing Team at Transaction Management Consultants in Orlando, Florida. We asked her what an investor or real estate professional should expect from a professional transaction management company. The following is her description of the sequence, beginning with a signed offer from a buyer or buyer's agent.

The online transaction team begins by providing the client with a custom, branded Web site where the client and buyer or seller can access all of the details that the transaction coordinator creates and maintains. They create one Web site for each transaction. It provides a customized list of tasks and documents that the client will need to deal with various service providers.

## **SYSTEMATIC PEOPLE**

A good transaction management company assigns a specific coordinator for each transaction. There is a personal introduction and set-up. Each party to the transaction is invited to view the online file specific to their transaction expertise. The transaction management company provides Web access and a support help line for all reporting, information, and status changes.

The transaction coordinator makes the appointments for inspections and appraisals and makes sure that the property is accessible. The resulting reports are posted and available to the parties. The transaction coordinator assists in gathering each document necessary to closing, and finds and verifies any missing documents or signatures.

An online system avoids much of the fetch-



ing and carrying that bedevils agents and investors. Now they have an outsourced sleuth and bloodhound who is equally motivated to conclude their part of a successful transaction. Their goal for success is payment and future business.

## DEADLINE MOMENTUM

A successful real estate transaction is about tracking and meeting deadlines. Reporting and delivering necessary documents is essential to momentum and keeping everyone informed and knowing what is required next for each of them.

The transaction management team also works with a buyer to ensure that hazard and flood insurance (if applicable) is in place so that there is no absence of interim or permanent insurance coverage through the transaction. They also manage any specified repair receipts and delivery to the title company, including HUD 1 settlement accounting or evidence for the buyer that agreed upon repairs have been made prior to close.

Keeping loans on track, on deadline, and in accordance with contractual requirements is a key responsibility of the transaction coordinator. This significant management issue must be fulfilled by a buyer. This process can benefit from the help of a savvy manager with the sixth sense to detect, inform, and offer solutions in the event of any problems. Much of this is simply confirming that the lender is receiving necessary assistance in clearing loan conditions so “clear to close” instructions are issued in a timely manner.

## “NOTHING TO SAY, ‘CEPT NOTHING”

Poor communication is the complaint many sellers and buyers have of many real estate professionals. Agents often do not respond because they are underwater on paperwork or have nothing to say except “nothing to report” because there has been no change in transaction status. An out-

sourced transaction management consultant can solve this problem.

There are many parties to manage and ensure they are on task and on time. An experienced coordinator communicates with the client. This enables a professional using an outsourced provider like Transaction Management Consultants to stay on top of all the threads. The coordinator keeps the principals informed through regular e-mails and phone calls immediately as situations arise, lifting a huge load off the back office and communication front end of the business.

## CLEAR TO CLOSE

Getting to the closing table requires strict attention to detail. The title and survey documents must be tracked, approved, and in the hands of the title company to facilitate a *smooth* closing. The transaction coordinator must also review the HUD statement with the client and/or buyer/seller, confirming that the buyer knows exactly how much to bring to the closing table and who to make the payment to, to close escrow. The coordinator arranges the date and time, providing directions to all parties. In a remote mail-away situation, the coordinator will ensure that the documents get timely delivery and the signor understands the urgency, procedure, addresses, and method of return.

## A COMPETENT FRIENDLY VOICE

Another complaint typical of real estate professionals is that no one is available to answer questions when they need to ask. A transaction management coordinator should be available to answer routine questions anytime. Transaction Management Consultants provides files online 24 hours a day and 365 days a year, to answer most client questions. Live phone support is available during normal business hours. This frees their clients to make more sales working on the business, not in the business.

Following closing, files are delivered electronically to the all parties, with copies of the specific file correspondence, notes, and documents, including HUD documents. These documents are available online for two years.

## COACH TO CLOSE

Spalding points out that part of a good transaction coordinator’s role is coaching an investor or real estate professional through new or unfamiliar areas of a transaction. This adds significant value and confidence in front of clients. Collectively, Transaction Management Consultants has completed more than 7,000 real estate transactions in most states. They also provide training and coaching services.

## POWERFUL BUSINESS MULTIPLIER

If the measure of success is the number of concurrent transactions, having real estate transaction and sales workflow experts on your team has significant advantages. A professional working 40 hours a week, 50 weeks a year for an income of \$100,000, results in a \$50 an hour charge. The industry projects 10 to 19 work hours of paperwork for any residential sale.

If a real estate agent or investor spends just 7.5 hours on paperwork during a sale (the actual number of hours is usually higher) this easily justifies using a transaction management consultant. Relying on their professionalism and systems, you get the peace of mind that comes with better transaction management from professional providers. ■

## RESOURCE

Transaction Management Consultants  
[www.OnlineClosingTeam.com](http://www.OnlineClosingTeam.com)  
866-683-4862