

# Managing Compliance- RESPA

## **Getting a Grip on Documents for Better Compliance**

Managing compliance issues is a challenging endeavor for real estate agencies with the ever-growing amount of regulatory, legislative and corporate requirements. With the high costs of fines and litigations resulting from compliance failures, agencies are looking for solutions that offer an effective way to manage this challenge.

Incorporating document management into the agency's workflow is an effective tool in managing compliance. A document management system allows companies to manage the full scope of their compliance responsibilities while increasing agency efficiency and ultimately reducing operational costs.

The adoption of document management solutions is increasing throughout the industry. Document management is being utilized to assist agencies in managing compliance issues, reducing storage space and costs by eliminating paper, and cutting labor costs through the network distribution of records. Plus, less human intervention also reduces the chance of mis-filing and other errors. All these benefits add up to increased agency profitability.

## **RESPA Regulation**

The **Real Estate Settlement Procedures Act (RESPA)** policies are impacting aspects of the real estate transaction from search to closing. The industry supports a market-based approach to RESPA reform that encourages fair competition, protects consumer choice, and provides full disclosure of costs and services in the mortgage transaction.

In 1974, Congress enacted the Real Estate Settlement Procedures Act (RESPA) to address problems in the real estate settlement process including abusive practices that increased costs to homebuyers and a lack of understanding about the settlement process and its costs.

## **RESPA's purpose is twofold:**

- To provide consumers with information about the real estate mortgage transaction and the costs associated with it.
- To prohibit certain practices, such as referral fees between settlement service providers, that result in higher costs and reduced quality to consumers.

## **Importance of Document Management**

RESPA requires that consumers receive disclosures at various times in the transaction so agencies would be interested in the benefits of importing emails and securing them with a document management solution. [See [E-mail Compliance and Management](#) for more information]



Agencies are required to store their documents for **5-7 years**, depending on the state. Electronic versions of the document are acceptable originals; however HUD requires that the original signature be in paper form for 25 months.

Document management provides agencies with a controlled and consistent process for handling documents which may reduce the agency's exposure to RESPA disclosure mistakes.

Plus, getting a grip on documents means better compliance, including ensuring adherence to state and local regulations. The steps taken to ensure compliance also lead to process efficiencies.

Real Estate Agencies are looking for a document management system that can:

- Reduce storage and retrieval costs by replacing hard copy storage with electronic files.
- Create a more secure storage environment.
- Provide ability to retrieve, fax, e-mail, and print documents from any user's PC.
- Capture and store authenticated e-mails for RESPA disclosure purposes.
- Reduce copy costs and associated personnel time.
- Establish effective "Paper Workflow" with other Real Estate agencies, title companies, mortgage lenders, and closing attorneys.
- Track Progress through reports.
- Replace current scanning and underwriting procedure with module that more effectively integrates with main line of business application.
- Provide ability for several users to review and discuss documents simultaneously with the ability to notate and print documents either with or without notations; and retain authenticated historical copies.
- Ability to burn closing packages to CD and launch onto Website in future.
- Allow agents to access documents from their home offices.
- Having real-time agents giving them the ability to respond to customers instantly.

Agencies should look for document management solutions that can apply uniform enterprise-wide records management policies to physical records, helping to reduce storage costs and the time required for filing and retrieval. And with a document management system, agencies can meet statutory obligations while minimizing the disruption of daily operations and keeping costs down.

