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Why the new HUD-1 should be in the cloud - Understanding "cloud computing" and "SaaS"

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With the advent of the new RESPA rule came a new HUD-1 Settlement Statement. The HUD-1 form that we worked with for many years has a new face and a new meaning. We became so familiar with the old form we could read it upside down and backwards at the settlement table. The new form, well, let's just say it requires some retraining and, I suggest, perhaps even fundamentally rethinking the way you work with the software that produces it.

As president of a company that produces title and closing software, I am acutely aware of the varied and changing interpretations of the new HUD-1 form. Not only are lenders offering their construal, HUD is continuously clarifying its intentions. Moreover, title insurance underwriters as well as state authorities are raising their own issues. The technological consequence is that in order to meet the needs of each party with a valid interest in how the new HUD-1 functions, software updates are frequent.

Software updates are frequent. That statement is often a delight to your IT staff, but it most likely elicits dread from your production staff.

This is where cloud computing produces a ray of sun that shines directly onto the new HUD-1 form. When there is no software to install or update on your desktop computer, the technological heavy lifting and network downtime is greatly reduced if not eliminated. This makes for a brighter day.

If you are unfamiliar with the term "cloud computing," it simply means that the software resides on the Web, the Internet, up there - not down here, on your desktop. So when frequent updates are necessary, having the in-house technical expertise to perform the updates is not your responsibility or headache.

Type a few words into your favorite search engine and you easily find thousands of pages about the pros and cons of the cloud computing alternative to the traditional method of installing and maintaining software. Often commingled or confused with the "cloud" is the term "SaaS" - Software as a Service. But SaaS is a pricing model not a computing model; and, in the simplest terms, it means you rent, not own, the software. Note: I said software, not data. So terms and conditions, privacy policies and master subscription agreements must be read carefully to understand the vendor's obligations to maintain and secure your data.

Speaking of vendors, it is important that the Cloud/SaaS HUD-1 vendor you choose is as transparent and reputable as the vendor you choose for a desktop computing solution. Too often, vendors hide behind their Web sites; they do not publish phone numbers and physical addresses, only e-mail addresses and very little about who they are. They opt for a totally Web-based relationship with a heavy dose of anonymity.

This should be a red flag. A cloud solution requires at least as much personal relationship management from the vendor as a desktop solution. Cloud computing vendors typically offer free

trial versions of their solutions. It is important that you not only assess the solution's functionality to assure that it meets your needs, but also evaluate the vendor and their relationship management practices. For example, can you get competent technical support in real time when you need it?

While the business decision to move to cloud computing and SaaS pricing must be made carefully, you may very well find that the combination helps you efficiently and affordably adapt to the ever changing regulations and scalability that the current real estate market demands. And, that it is indeed an ideal delivery and pricing model for the new HUD-1.

TSS Software Corp. is an independent provider of software and services for the real estate title and settlement industry, with more than 18,000 users nationwide. In June, TSS will launch TitleSphere.com, featuring the new HUD-1, Good Faith Estimate, contact and document management.

Barbara Miller, president and COO, TSS Software Corp., Annapolis, MD

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540