



Uniting Providers Across the Industry

Understanding the Valuation of Digital Advertising



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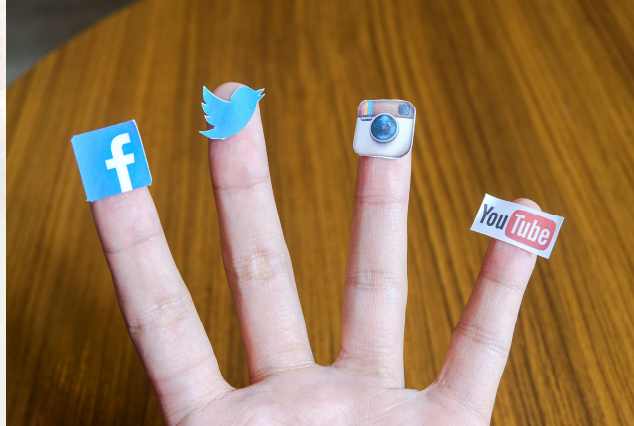
Presentation Summary

- Digital Advertising Overview
- RESPA Section 8(a) and 8(c) Application
- Relevant HUD and CFPB Guidance
- Critical Compliance Components
- Valuation of Internet Advertising
- Valuation of Social Media Advertising
- Valuation of Intranet Advertising
- Valuation of Third-Party Web Platforms
- Valuation of Lead Generation
- Best Practices Summary



Digital Advertising Overview

One
Component of a
Traditional MSA



Internet

Social
Media

Intranet

Third-Party
Web Platforms

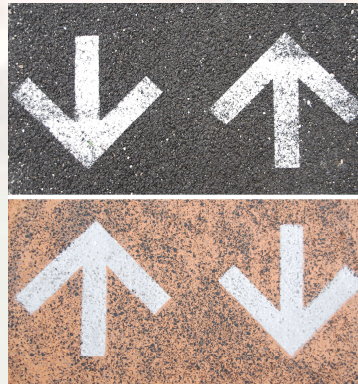
Co-Marketing &
Lead Generation



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RESPA Section 8 (a) Prohibition

- We know that RESPA Section 8 (a) makes it illegal to give or receive:
 - A thing of value pursuant to an agreement or understanding to refer settlement services, in connection with a federally related mortgage loan.



RESPA Section 8 (c) Permission

• However, Section 8(c) of RESPA expressly permits some payments for services rendered or goods/facilities actually provided:

- Goods / services must be actual, necessary and distinct.
- Payment must be commensurate with the value of goods / services.
- Payment cannot be based on amount or volume of referrals.



Relevant HUD Comments

- In answering inquiries as part of its 2010 Interpretive Comments regarding MSAs, HUD said, in effect:
 - A settlement service provider cannot pay for direct sales pitches to particular customers (e.g., a Real Estate Agent handing out a settlement service provider's brochure at an open house).
 - However, a settlement service provider's **payment for advertising on a Real Estate Broker's Web Site is not, in and of itself, a RESPA Violation.**



Relevant CFPB Guidance

- The CFPB has said:
 - There can be no agreement or understanding regarding referrals
 - Don't pay for Endorsements
 - A contract itself may be a thing of value (Cordray)
 - There is a concern when the bulk of an MSA is about advertising to other settlement providers (Presumably Agents) with the intent of establishing other MSAs (Cordray)



Critical Compliance Components

- Provide RESPA Training for your employees.
- Structure compliant Digital Advertising agreement:
 - State that there is no agreement or understanding regarding referrals.
 - Pay for services, **Not an “Endorsement”**.
 - Do not require “Exclusivity”.
 - Avoid “Preferred” language.
 - Don’t pay for “Direct Pitches” to particular customers.
 - Disclose relationship (e.g., “Paid Advertisement”).



Critical Compliance Components

- Value services and set fees appropriately:
 - Determine fees based upon cost of advertising.
 - Employ a “fees for services” approach.
 - Rely on independent digital advertising valuation.
 - For Third-Party Web Platforms, compare valuation to requested fee from Marketer to avoid overpayment.
 - Set Fees below value. Allow for changes in activity.
 - **Fees are for services – NOT referrals**



Critical Compliance Components

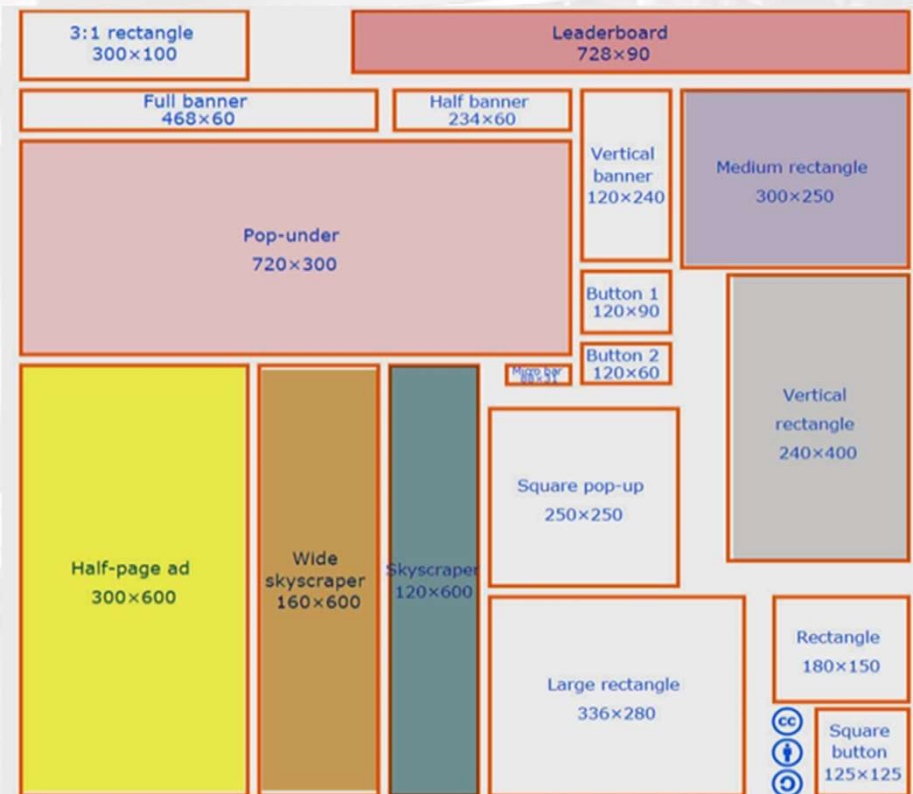
- Verify services are performed and pay accordingly:
 - Implement a robust system to manage the Digital Advertising relationships and execution.
 - Obtain marketer attestation services were performed.
 - Collect data / documents to verify services performed.
 - Value actual services performed and verified for the month and agreement to date.
 - Pay fees, in arrears, considering value of actual services verified monthly and agreement to date service activity.



“Internet”: Same or Different?

- Legacy media
 - 30 second ad (size/time is the simple description)
 - Half page page ad (size is the simple description)
 - Outdoor Bulletin [14'x48'] (name defines standard size)

- New media



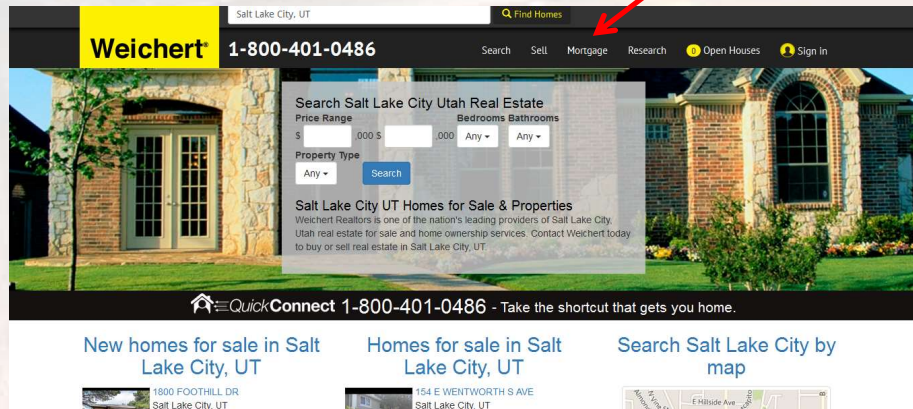
Valuation of Internet Advertising

- Key attributes to consider:
 - Size/Type of ad?
 - Location of ad?
 - Above or below the “fold”?
 - Ad/link framed, menu choice or served by page?
 - Ad in rotation?
- Buy/place smart to Value smart:
 - Where’s the traffic???
 - Listing pages and property search pages
 - Home page
 - Financing page
 - Provider(s) page
 - Fully enabled for mobile devices?

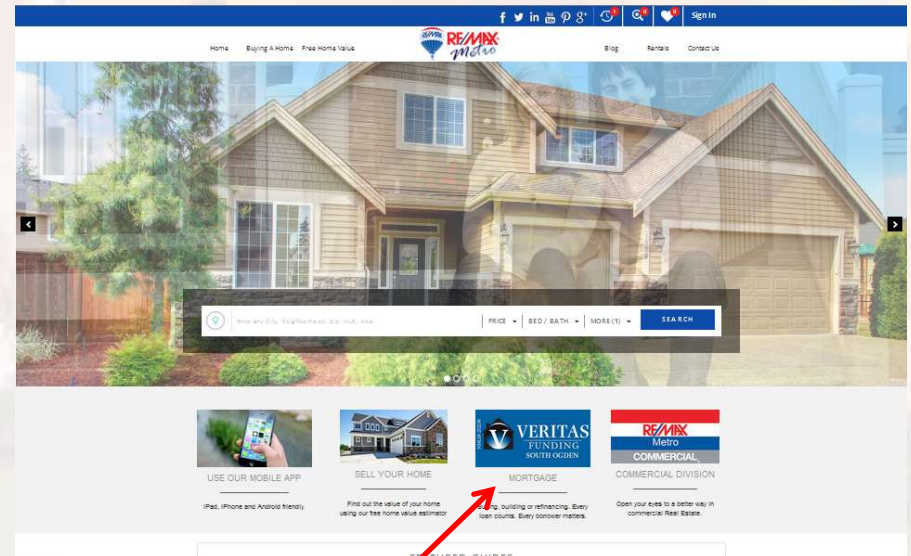


Internet Advertising

- Site with tab/link in frame



- Site with home page ad and link



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Social Media Platforms

Marketing Land MARTECH CMO SOCIAL SEM SEO MOBILE ANALYTICS DISPLAY RETAIL MORE



f
I LIKE MY CAT


t
I'M PLAYING WITH MY CAT

You Tube
WATCH THIS VIDEO OF MY CAT

in
I'M VERY SKILLED AT TRAINING CATS

i
HERE'S A HIPSTER PICTURE OF MY CAT


p
HERE IS HOW TO TRAIN YOUR CAT TO DANCE

yelp
I FREAKIN' HATE THIS CAT FOOD



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Social Media Advertising

- Advertisers are subject to whims of community with little control over real time commentary.
- Change is happening fast on social media platforms.
- Providers are finding ways to attract / monetize audiences, and offer better ways to reach consumers:
 - Improved targeting algorithms
 - Video integration
 - Increased personalization



Valuation of Social Media Advertising

- **Different platforms reach different types of audiences and value differently for advertisers**
 - Additionally, new platforms are emerging (TikTok, Spotify, WhatsApp, et.al.)
- Ask marketing partner how they are managing a proactive use of social media to promote the brand.



Valuation of Intranet Advertising

- Intranet advertising is not usually general consumer advertising; it is focused on members of a private network (requires login or authentication).
- **Value by impressions or by number of members?**
- Examples:
 - Real estate broker agent / builder salesperson portal(s)
 - State or Local Realtor[®] associations
- Private network ads are more difficult to verify unless on a publicly-visible login page.



Intranet Advertising

Home

Wednesday, August 19, 2016

RE/MAX
Real Estate Group
Intranet Website

Home

Main Icons

RE/MAX WEBMAIL, RE/MAX mainstreet design center, DSMHOMES.COM, REALTOR.com Agent Admin, Google, Matrix, DocuSign, agentsinsight, DMAAR, Online Forms, zipForm

County Assessor Websites: Polk County, Dallas County, Warren County, Madison County, Clarke County, Statewide

Common Links: Supra eKey, IA Property Owners Alliance, Polk County Covenants, Polk County Assessor Old Website

Home, Company Roster

Welcome to the RE/MAX Real Estate Group Intranet Website!

Home

My Marketing, My Career, My Home & Heritage, Working with Buyers, Working with Sellers, Industry Information, Other

Home

Place Your Calendar and Desk Planner Orders Today

Choose Your Words Carefully When Posting Your Next Listing

Real Estate Marketing Tactics to Try in the Second Half of 2016

Home Veterans: HOME PROTECTION



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Valuation of Third Party Platforms

- SO MANY platforms (National, regional, local)...market is constantly evolving and changing:
 - Key national providers include Zillow, Boomtown!, and Commissions, Inc. (acquisition by Fidelity National Financial)
- Are they direct-billing multiple parties (and can you treat this as cooperative advertising) or does the site owner pay and then charge an advertiser?



Valuation of Third Party Platforms

- **Value services the site owner or platform provider is offering** (examples include leads/lead management, CRM and outbound email, statistical reporting, etc.), and are there compliance implications for you if you utilize them?
- Are you sharing in the SEO/SEM costs?

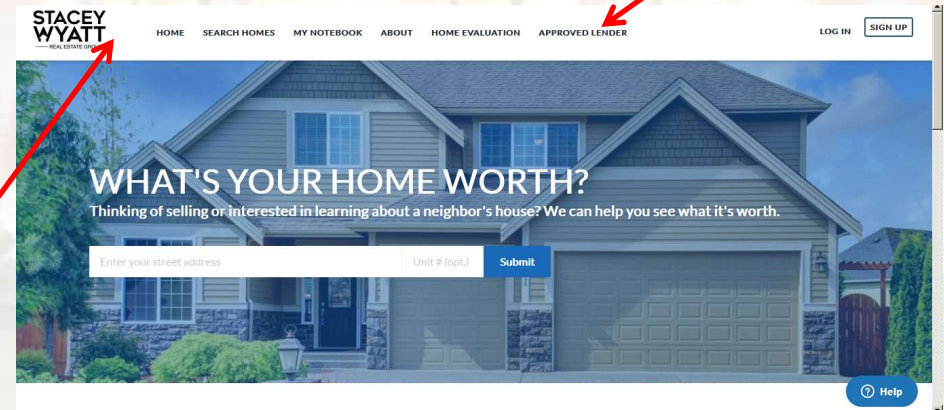


Third Party Web Platforms

- Sample Boomtown! site



- Sample Commissions, Inc. site



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Third Party Web Platforms

- Sample Zillow Premier Agent site (plus Trulia, Realestate.com, Streeteasy)

CONTACT AGENT SAVE HIDE GET UPDATES SHARE MORE ▾

Is this your home?
Add a free video walkthrough to get three times more views!
[Learn more](#)

1060 5th Ave # 10BC,
New York, NY 10128

8 beds · 8.5 baths · -- sqft

Potential combination opportunity (subject to approval) of high floor adjacent B and C line apartments at 1060 Fifth Avenue, one of New York's most prominent prewar buildings. Each apartment features exceptionally grand proportions and high ceilings with breathtaking Central Park vistas from the B line and idyllic southern views from the C line creating the ideal setting for entertaining and gracious living. Designed by J.E.R. Carpenter in 1929, 1060 Fifth Avenue is a prestigious white glove cooperative with unrivaled amenities including full service staff, a duplex health club, lap pool, and basketball court.

● **FOR SALE** Listing Agent
\$73,800,000
Zestimate®: \$4,992,527

EST. MORTGAGE
\$269,951/mo
[See current rates](#)

CONTACT AGENT

- Dolly Lenz** (0) Recent sales
Listing Agent
- Stacey Curry** (5) Recent sales (917) 494-6369
Premier Agent
- Brett Comeaux, MBA** (80) Recent sales (646) 759-1002
Premier Agent
- Karen DeMeco** (27) Recent sales (917) 746-7149
Premier Agent

Your Name
Phone
emile@fitsmallbusiness.com



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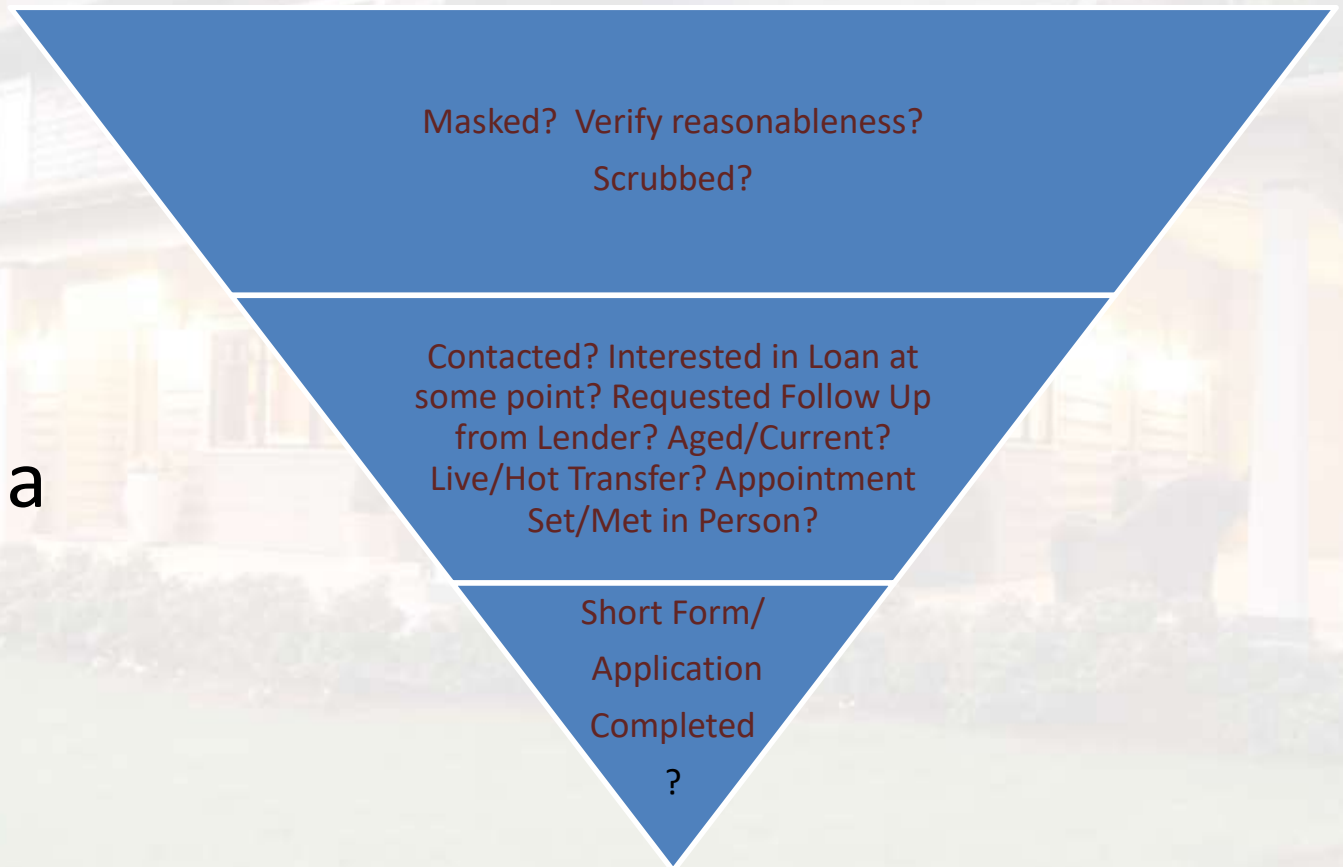
Other Third-Party Marketing Services

- HomeBot, Rateplug, ListingReports, Total Expert, SimpleNexus, Smart RE Tools, SmartHomeSearches, Neighborly, GetVyril, etc., etc., etc.
- Various services offered with digital components
- Common challenge: volume of impressions per property or agent



Valuation of Lead Generation

- Where in the process the leads are made available has a huge impact on value!



Valuation Support

- Analysis of valuation requires detailed input data

MLinc Solutions
A better way to work

Web Site Advertising and Related Advertising Services

ComplyWSA™

Advertising Provider: _____

Physical Address: _____

City: _____ State: _____ Zip: _____

INTERNET (Consumer Advertising) URLs: _____

Number of Pageviews/Impressions per Month: _____ Number of Unique Visitors per Month: _____

Ad Type: Banner/Leaderboard Skyscraper Other _____ Pixel Size (WxH) _____

Home Page Position: Top Bottom Other Link None

On Agent Pages? On Listing Pages? On Calculator?

Ad in rotation with how many other Advertisers: _____

Other Notes: _____

Dedicated Page for Advertiser

Included in Listing of Service Provider(s)

Mobile Sites Number of Displays/Impressions Per Month: _____

SOCIAL MEDIA (Consumer Advertising)

Platform/Service	Followers/Connections	---- For Advertiser ----	
		Permanent Ad?	Monthly Post/Msg?
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>

INTRANET (Private Network or Collaboration Tools for Employees/Agents)

Number of Employees/Agents: _____ Number of Displays/Impressions per Month: _____

Home Page Ad: Banner/Leaderboard Skyscraper Other _____ Pixel Size (WxH) _____

Dedicated Page (link from Home Page)

Included in Listing of Service Provider(s)

OTHER THIRD PARTY PLATFORM(S)

Service Name: _____

Displays/Impressions Per Month: _____

Training Content Templates Analytics

SEM Social Media Integration Outbound Email

Lead Mgmt # Leads Per Month: _____

Form Completed By Company (Advertiser): _____

Db: _____

Signature: _____ Date: _____

Name: _____

Version 20160512
Form Property of MLinc Solutions



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Verify “Internet”: Same or Different?

- Legacy media
 - Provides a run sheet or some type of proof that your ad ran
 - CPM is a standard metric
 - Difficult to change ‘on the fly’
 - Quality creative is important
- New media
 - Analytics reports are important / simple to verify ad is implemented
 - What metrics: Users? Unique visitors? Impressions? Pageviews?
 - Relatively easy to change
 - Creative is important



Best Practices Summary

- Train your employees regarding RESPA.
- Structure a compliant Digital Advertising agreement, consistent with general CFPB guidance to date.
- Arrange Internet, Social Media, Intranet and Third-Party Web Platform services, and Lead Generation understanding key drivers of value for a mutually beneficial arrangement.
- Independently value services and set fees appropriately.
- Verify that services are being performed and pay accordingly.



Q & A



This presentation is for informational purposes and should not be relied upon as general or particularized legal advice. The unique facts or circumstances of any strategic relationships or agreement between settlement service providers or others should be discussed with legal counsel to determine its compliance with all applicable laws.



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Mark L Meyer Bio

- Mark L Meyer is Founder and CEO of MLinc Solutions (“MLinc”), a nationwide provider of expertise, insight and innovative solutions to the settlement services industry and a leader in bringing together companies to form complementary business arrangements that benefit consumers and all other parties to a real estate transaction.
- MLinc’s Affiliated Business Arrangement (“ABA”) and Services Agreements solutions and related transformative offerings have brought hundreds of companies the independent expertise and diligence needed to confidently forge thousands of mutually-beneficial business relationships that are compliant with the Real Estate Settlement Procedures Act (“RESPA”). Specifically, the company’s **ABA and Services Agreements Solutions** provide tools, templates and videos for helping clients evaluate, sell and set up strategic relationships. And, MLinc’s industry-leading **ComplyMSA_{TM}, ComplyWSA_{TM}, ComplyEvents_{TM}, and ComplyOffice_{TM} Offerings** help companies value and verify services provided by business associates, including marketing activities, web advertising, sponsored events, and office leases, to enhance RESPA compliance.
- Mark has been a guest editorial contributor to Mortgage Banking Magazine, Real Estate Magazine, RESPAnews.com, RESPRO Magazine and The MReport, and is a requested lecturer and panel participant at settlement service industry forums.

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Charles Irsch Bio

•Charles is responsible for MLinc's valuation methodologies, including **ComplyMSA_{TM}**, **ComplyWSA_{TM}**, **ComplyEvents_{TM}**, and **ComplyOffice_{TM}**. He is also the founder of 10point2 Consulting, a strategic practice which specializes in the alignment of systems and business performance metrics.

•Previously, Charles spent 10 years as Vice President, Information Systems and Chief Information Officer for a \$12 Billion real estate development and home building construction company with operations in the US and UK. He established an award-winning technology team recognized as a business leader in the industry, and was responsible for the development of the company's retail merchandising strategies.

•Charles also has over 20 years of experience as a systems consultant, including 4 years with Andersen Consulting (now Accenture), and 8 years as principal/co-owner of Integrated Services, Inc., a successful technology consulting firm. During his consulting career, his clients have included real estate developers, mortgage originators and title/escrow services providers. He has worked with advertising, public relations and media businesses, including print and radio, and has experience in marketing, merchandising and direct sales. Charles has a BFA and MBA, with emphasis on Marketing, from Southern Methodist University.

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