**NAR S2E10 Final Transcript**

**Marki**: You have a brand new listing and you can't wait to put it into the MLS. You know that this property will sell in little to no time. And then you go to log into the MLS and you receive a message that you cannot log in. This is what happened to REALTORS® coast to coast in the month of August when MLS technology vendor Rapattoni was hacked, taking down 23 MLSs from California to Florida.

**Jeffrey**: This type of attack becomes an eye opener and it forces people to look at what do we have in place? What do we need to do to prevent something in the future?

**Marki**: You're listening to Drive with NAR, the REALTOR® to REALTOR® series powered by REALTOR® Magazine. Listen as real estate pros talk tools of the trade and share stories of inspiration. Get ready to step up your business.I'm Marki Lemons Ryhal. Let's talk about what the real estate industry and individual agents and brokers need to learn in order to be better prepared the next time something like this happens. I'm joined by two members of NAR’s MLS Technology and Emerging Issues advisory board. Jeffrey Levine is an agent and team leader with Keller Williams Realty service in Boca Raton, Florida, and serves as chair of the MLS Advisory Board.

**Jeffrey**: Thank you for having us here today.

**Marki**: And Andy Bencosme is the principal broker and co-owner of Century 21 Village Realty in Sierra Madre, California.

**Andy**: It's my pleasure. Thanks for having me.

**Marki**: Thank you both for being here to talk about this very important issue. First, let me say I was on stage speaking to the Northwest Indiana REALTORS® Association when the cyber attack first happened. It actually impacted their members, they did not want to stay at the event. They were consistently checking their mobile devices, they were whispering to one another. And of course their current president had to make an announcement during lunch to address the situation just to calm the room. Can you briefly give us some details about what you're hearing that's going on today in the market as a result of this?

**Jeffrey**: I gotta tell you, I think that it's opened everybody's eyes, right? We've always heard about cyber attacks in different industries. But now it hit the MLS. And it really opened a lot of people's eyes to say, hey, what do we do now? You know, I started 26 years ago in this business when we started with the MLS books, and we all made fun of that. And we laughed about the old MLS books and boxes and boxes of these books and fax machines. Well, you know, I think a lot of people were pulling out their fax machines all of a sudden again, to get this information out. It has opened the eyes of this industry. And I think people are going to take it more seriously right now. And they're going to have plans, contingency plans, if this happens again, in the future.

**Marki**: When I was standing at the front of the room, we weren't clear on what had happened. Can you tell us what details we have on exactly what occurred?

**Andy**: You know, Marki, a lot of times in the cyber attack situations, we don't get all the details as it's happening. And primarily that's because it can expose a weakness of a system and other hackers could, you know, exploit that vulnerability. But generally, you know, we've had other instances like this in the MLS world. And generally there's two main culprits. One is a phishing attack. And we all get them in our email everyday where they try to get you to click a link or open an attachment and that accesses your system to some nefarious characters. And the other way that generally cyber attacks like this happened are people not patching their systems, we get updates on our phones on our computers, and a lot of times we ignore them. But the reason these software companies send them out is because some part of their system has been exploited, and they're trying to patch it to prevent it in the future. So those are the two main reasons and it's likely that one of those is the cause in this situation.

**Jeffrey**: Andy just made a great point, we tend to be very complacent with the upgrades when they're sent to us, whether it be on our own PCs, whether it be at our firewalls, whether it be on our phones, this is just technology's part of our life today. This is part of our society. And we have to take it seriously because unfortunately, there are people that are constantly trying to exploit, hold hostage entire industries in regard to this. I don't know if we'll ever have the full information. You know, I do know when a cyber attack has come, it is reported to the insurance companies, it is reported to the FBI and then they handle it from that point on. You know, I think Andy just brought up a fantastic point and whoever's out there listening needs to understand. When you see those updates and security updates, you need to make sure they happen. They're there for a reason.

**Marki**: Now, Andy, I am definitely going to go and download the update to my mobile device, OK? And no need to worry. Now, even though I was with the Northwest Indiana REALTORS® Association, I'm a member of the Chicago Association of REALTORS®. And we received an email because we use Rapattoni. So now we have REALTOR® members online, you know, talking about systems, but they sent out an email to break down the fact that it wasn't just how we use the data. It was also how the data is stored and that we as members were not impacted by the cyber attack because there were a lot of inquiries. So now we have REALTORS® with inquiries to their local association to MLS, saying, hey, what's going on? Because they weren't clear whether they were impacted or not or what this would mean for them. I do realize that the MLSs have definitely faced great difficulties recovering and getting back online. Do we know what is going on at this time?

**Jeffrey**: You brought up a great point there. MLSs are different sizes across this country, we have large regional MLSs and then we have very small MLSs with just a few 100 Members. At the end of the day, everyone has to look at their procedures of how their data is being backed up right now, where it's being stored, whether it be locally on the cloud. If you have the proper backup, if you had a back end system that was that literally had all the raw data in it wasn't going to be a problem, right? You can reinstall it from the backups and stuff like that. Unfortunately, not everybody has that level of security or backup. This type of attack becomes an eye opener and it forces people to look at what do we have in place? What do we need to do to prevent something in the future or disruption for our members. Many multiple listing systems today offer multiple front end of choice solutions. So if Rapattoni’s down, you could switch to Flex, you can switch to Core Logic or Black Knight. So there, you know, if you have the raw data and it's sitting in a back end system, it's just a flip of a switch, it's very quick to get back up and running. It's when you have all your eggs in one basket, and they're all being held in that one set of servers. That's when you create the problems that we see that it's happened through this process. I don't know if you have anything to add to that end.

**Andy**: To your earlier point, Jeff, the MLS is such a great system we have in this country, right? It's the envy of the world. And we take it for granted. To some extent, it's like turning on the lights at home, turning on the water, you know, you just expect it to be there and functioning at all times. But you do need to have a backup plan because those are vital to not just us as REALTORS® communicating our listing information to each other and to the public through syndication. But you know, appraisers, lenders, they use that information to value property, and it makes the economy run in a lot of ways, in the housing industry anyway. So we have to have those backups, we have to have a generator in case the electricity goes out, right? So backing up the data in multiple places, not just on your desktop, hard drive or something like that. But in multiple places in the cloud, and having an alternative should it go down.

**Jeffrey**: And even having it locally, right, stored locally. So that is not being access by anyplace else. You talked about phishing schemes in the earlier before. And that is what a lot happens with the cyber attacks. Somebody enters the system through somebody's email or phishing, or whatever it is, as brokers, as MLSs, as associations, we have to continually train our employees what to keep their eyes on and let them understand don't open those attachments. Don't open those emails. I mean, it sounds silly, and we hear it all the time. There's a lot of people who still click and this is why they're doing what they're doing. And when we have employees that leave or have been terminated, we need to make sure their access to the systems are terminated immediately. We can't give them any opportunities to get into the back ends of the systems. So there's a lot of education that needs to be done here now and in the future, also from every single level from the local level all the way up.

**Marki**: Well RPR did step in to support the MLS as that were affected by the cyber attack, and was able to create work around so that members could still retrieve their MLS data while the MLSs were down. Can we you explain to our listeners how that worked and in what did they do to be able to assist?

**Andy**: Sure, I mean, luckily RPR was a partner with all the MLSs using Rapattoni that were affected. So those members were able to go into RPR and access all the MLS data as of the cyber attack, August 8 I believe it was. And they also had access to all the historical information and then off market information and tax information. So that's a great help for agents trying to do a CMA, for example, on a new listing coming up, and look up, you know, what was the status of the listing at the time of the attack. And another thing, actually, that was great RPR did was give temporary access to our appraiser members, because they typically don't have access and, you know, if they don't have the comps and the photos, to be able to value a property that you have in escrow, well, now your escrow is stopped as well. So that really helped our members who are in the middle of transactions still get the appraisal completed, their loan funded and their escrow closed.

**Jeffrey**: Not every MLS has had data with RPR, you would think it is but not every MLS does syndicates their data with anyone or any other entity. And that's a challenge, too, because if something doesn't have that data, other than what you have, you've opened yourself up to even more, not liability but I would say some more severe cyber attacks, if nobody else could step in and help you as you're getting through this process.

**Marki**: At the IOI Summit, there were a couple of employees from RPR there. And let me say they were so proud that they were able to be a solution. And you could just tell it brought them joy to be able to help us through this situation, to be that work around. And they were like we put in a lot of work, right? But the fact that within 24 hours, they had solutions to a problem. So clearly, cybersecurity is a large point of vulnerability for the real estate industry and this incident raises the sense of urgency for better protocols. MLS will take their own lessons from this, but what do you think the business lessons are for the average agent and broker?

**Jeffrey**: You know, I'll go back to what we were talking about before, I think everybody's, every point of our organization from a brand new agent that just entered the business, to all the way up to the CEOs of the largest real estate companies, we have to all realize that we are vulnerable, right. And our data is how our business operates. You know, there's nothing more important than our data. This is who we are, right? So we have to ensure that that data is handled correctly, is secure, that we do have multiple backups of that data in different forms. You know, if this is this, we're never going to stop cyber attacks and they get better and better and better each time. As you said, Marki, some of them. You know, it looks like he came from your bank, it looks like he came from your son or daughter right, at the end of the day. It looks so good. Right? But we are going to have more attacks. The question is, how are we going to protect ourselves from those attacks? How quickly can we get back up and running? I mean, for MLSs to not have data for two to three weeks, we're not talking about hours, we're talking about weeks, right? I mean, that is, to me an eye opener, right? And we have to really figure out how do we, if we have an attack, how do we get that down to hours, how do we get that down to minutes to shift?

**Andy**: In the old days, some brokers, you had that signed listing agreement in your hand in a file in your office, it was a physical thing you could protect or make photocopies, things like that. Now we rely on so many systems that are outside of our control from creating contracts, signing contracts, storage, transaction management, all that stuff is not in-house home grown. So you're really relying on vendors to handle this for you. So you really have to be cautious and careful when you're vetting out new technology to implement for your brokerage and you as an agent for your CRMs, your database, all of those things because they can disappear in a minute, something that took 20 years for you to create, right, build your book of business. So it's definitely a lesson for all of us, you have to have some good, basic cyber hygiene in your business, in your brokerage, passwords, that's another thing we all hate. Changing passwords, my MLS makes me change it every month and I get a lot of complaints from agents when that happens. But the reason they're doing that is to protect you, using complex passwords, not “password 123,” things like that.

**Jeffrey**: And the other issue also is we have to ensure that the companies that we're doing business with have the data protection in place too. As real estate agents, we love all the shiny new objects that we love. I mean, listen, I wanted everything at IOI, Marki. I wanted to sign up for everything right there and then. And we know those companies have a very high level of data security and those type of things. But you know what, there's lots of things that are in your local market that sound great, but you're giving access to your data When you when you take on somebody's products and services, you have to be ensured where that data is going, who has access to that data? How does it flow and all of that, right? You also want to make sure that data coming into your servers, are they going into specific servers, not your whole system, generally, maybe having multiple servers that incoming data or emails and stuff like that. So if you are attacked, it’s isolated to one server, you know, there's lots of complex solutions that are not as complex as we might think. It's just moving forward and getting that cybersecurity analysis and seeing, you know, what can be done to protect us as much as we can.

**Marki**: One thing that came to mind was the fact that so many REALTORS® felt as though they could not market the property successfully. So for us veterans, right, as old seasoned professionals, I can say that because I'm talking about myself, but let's say a seasoned professionals instantly, start thinking direct mail campaign, door knocking, do you have people in your customer relationship management system to send an email, go do live video, right? Don't just rely on one system, go back and look at your agreements and come up with a full-fledged marketing campaign in order to move that property, regardless of the access to the MLS, we still have a job to market that property, and hopefully market it via multiple channels. What is the MLS advisory board’s course of action after the cyber attack?

**Jeffrey**: Great question. So we actually just met in Chicago back on the 11th and 12th of September. And we did have a great presentation in regards to the cybersecurity. We heard from multiple different people that were involved in the attack, some of the MLSs that were involved and affected by it, some of the regions that were affected by it. So I mean, my biggest takeaway from it is that we have to, as soon as you have a cyber attack, as soon as you feel that you might have a cyber attack, you need to notify your insurance company immediately, and then get the ball rolling. So we had a great presentation from one of the law firms. There seems to be two of the biggest law firms in the country that handle most of the cyber security issues that are involved on the legal aspect. And we got an opportunity to hear from one of the partners from one of those law firms. And it's a really detailed process. It is incredibly detailed. And it is, as we stated before the FBI gets involved also, it goes back to best practices and making sure that we fully train our staffs, fully train our organizations on how to not get phished through emails, through text messages to any types of communication, because that's how they're getting into the systems. The advisory board has said after listening to all of the issues that were presented to us. And by the way, let me mention that the advisory board is made up of brokers and association execs. And there's about 20 of us have brokers have association executives. So we have input from the various different communities evolved in the MLS issues. And what we really came to the conclusion is: it's education. It's a lot of education. And I know from the NAR perspective of the Advisory Board's perspective, we will continue to educate our community, educate MLSs and let them know how to avoid these or best avoid these future attacks.

**Andy**: You know, REALTORS® are nothing but adaptable, right? We saw that during the pandemic, of course, and this case was no different. You know, we saw some associations or groups of brokerages doing Instagram hashtags, right, to market the property so they knew what to look up. Some had association secure websites to input listings to share with each other, they use tools like Zen list in here in California, the California Regional MLS, which is the largest in the nation provided the Rapattoni brokers and agents in California free temporary access so they could still syndicate their listings out to the major portals and get that to the public at large right and update those information. So we saw a lot of things out there and a lot of people coming together to figure out how to market these properties and how to help our clients get their property sold. And back to your question, Marki, you about you know the Advisory Board's role and the MLS Policy Committee. This isn't anything new to us, right? We're all kind of tech nerds in the real estate space. We stand in a corner and talk geeky stuff. But at our last Washington meetings, the REALTOR® legislative meetings in May. We actually had a presentation on data privacy, security and risk management talking about these issues and yes, some eyes gloss over when we get into the weeds with that but this is exactly the reason we do this and NAR has great resources internally. Sebastian Drywa, the cybersecurity director for NAR spoke, and [NAME], who's the NAR member information and ecommerce leader, spoke to our group. And yeah, we're gonna continue doing that we're going to continue, like Jeff said, get what's best practices out there, what, what's happening in the industry, this is going to be a big conversation and help educate our brokers and our agents and our associations and MLSs on what they should be looking out for and what they should be doing.

**Jeffrey**: And the other piece is also we need to make sure that all about, again, from our brokers all the way up to our associations and MLSs look at their cybersecurity insurance policies, OK, and what they cover, you know, as soon as you get hit by a cyber attack, if you do, you need to let your insurance company, they know the process, they will alert the FBI, they will go through those types of processes. And, again, make sure that you have the cyber security that you need to protect your association, the level that you need, and that type of stuff.

**Andy**: And another pitch for NAR, just to let you know if you look on the NAR dot realtor website, there is a data security and privacy toolkit that helps educate brokers, agents and everyone involved. So take a look at that and see you know, it's a little checklist there, see if there's things you can do to improve your security back home.

**Marki**: Well, I need to go and download the checklist and let me say I will update my phone as soon as the update becomes available. I'm going to make sure that I double check all incoming emails, because you gentlemen have provided a plethora of information that will help protect us and our industry and moving forward we definitely want to take heed to this because we do not want to be the person that allowed, you know, unsafe people into the situation to hinder us and our fellow members. Thank you, gentlemen.

**Andy**: It's my pleasure.

**Jeffrey**: Thank you for having us here today.

**Marki**: That's a wrap.

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