History and Background of Multiple Listing

(Reprinted, in part, from the Fifteenth Edition of the Handbook on Multiple Listing Policy, 2001)

History in the US

Multiple listing, in one form or another, dates back into the nineteenth century. The first Boards of Realtors® were established as “Real Estate Exchanges.” On certain appointed days, the Members of a Board of Realtors® gathered at the Board offices and “exchanged” information about their listings. They, in effect, carried on an auction as they frequently came prepared to purchase certain property desired by their principals, but listed by another broker. This practice was common in the 1880s and 1890s. Shortly after the end of the nineteenth century, the term “multiple listing” was in use. It is mentioned as an activity of Boards of Realtors® as early as 1907. In the 1920s, multiple listing had become widely accepted. The expansion of this function continued through succeeding years and spread throughout the country with the result that today hundreds of local Boards of Realtors® provide Multiple Listing Services, in one form or another, to their Members.

Definition

A Multiple Listing Service is:

A facility for the orderly correlation and dissemination of listing information among Participants so that they may better serve their clients and customers and the public

A means by which authorized Participants make blanket unilateral offers of compensation to other Participants (acting as subagents, buyer agents, or in other agency or nonagency capacities defined by law)

A means by which information is accumulated and disseminated to enable authorized Participants to prepare appraisals and other valuations of real property

A means by which Participants engaging in real estate appraisal contribute to common databases

Purpose

Through the facility of multiple listing, information concerning individual listings can be made known to all Realtors® who participate in the activity. In Boards of Realtors® with few Members, the actual operation can be very simple. Each Realtor® can duplicate enough copies of the information concerning his listing to distribute to all other Participants. However, when many Realtors® are involved, the distribution of information becomes more burdensome and may require reasonable rules of procedure and efficient central office management to expedite the service. Regardless of the method, however, the basis of the multiple listing activity is the creation of a facility whereby Realtors® may most effectively invite other brokers to enter into cooperative agreements with them for the sale of their listings and provide information necessary to permit such cooperation; by which information is accumulated and disseminated to enable authorized Participants to prepare appraisals and other valuations of real property; and by which Participants engaging in real estate appraisal contribute to common databases.

Types

Basically, there are two types of multiple listing activities used by Boards of Realtors®. The essential characteristics of each may be summarized as follows:

1. A multiple listing activity available for voluntary participation, but requiring Members (principals) who participate to submit all listings of designated types of property, is termed “A Mandatory Listing Service.”

The Mandatory Service permits each Realtor® to decide whether or not multiple listing is consistent with the Realtor®’s method of doing business. If a decision is made to participate in the activity, however, then all listings covered by the rules are required to be submitted.

2. A multiple listing activity available to all Members (principals), but the submission of any listing is an option of the Member; this is termed “A Voluntary Listing Service.”

The National Association’s Interest

The interest of the National Association in multiple listing is in assuring the proper operation of such an activity so that it furthers the objectives of the Code of Ethics, encourages cooperation between Realtors®, and avoids practices which may be contrary to public policy or the law.

The recommendations of the National Association are in support of the following principles:

1. A Board of Realtors® should be representative of those engaged in the real estate business in the area which it serves. As a trade association, it should open its activities to all qualified persons and invite them to join in voluntary association for the good of the public.

2. Eligibility for Board of Realtors® membership should not require participation in a multiple listing activity if, in the opinion of the individual, such activity does not lend itself to his particular method of doing business.

3. Participation in any activity should be subject to rules that do not conflict with the public interest.

4. The Board of Realtors® should maintain its position as an organization serving a public interest and sustain its tax-exempt status.

5. Activities and services offered by Realtor® Members should be under the direct supervision of the Board of Realtors® subject to the governing body of the Board of Realtors® and should not be conducted by a separate or independent group. In an instance where, in order to preserve the tax-exempt status of the Board, it is necessary to organize the Multiple Listing Service as a separate, for profit corporation, such corporation should be wholly owned by the Board of Realtors® and as such is ultimately accountable to the Board of Realtors®.