How to Build
a Statewide MLS

(Or, Order from Chaos)

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Preface

The Board of Directors of the Connecticut Multiple Listing Service, Inc. (CTMLS) is highly supportive of the white paper report, "How to Build a Statewide MLS" as authored by Cameron Paine, CEO of CTMLS. We feel that it is a thorough, informative document that will be welcomed and embraced by the MLS community.

Our industry is continually changing and certainly the consolidation of separate MLSs into one, especially at the state level, is one change that actively is being discussed, written about, and implemented in many parts of the country. "How to Build a Statewide MLS" is a welcome addition to the ongoing dialogue on this topic.

Jim Guarrera
President
CTMLS Board of Directors
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Forward

The truth of our industry is that Multiple Listing Service (MLS) consolidation yields more comprehensive, accurate, timely, and efficiently produced listing data. Anything less than consolidation on a statewide, or larger, scale burdens brokers, and ultimately the public, with *less* comprehensive, *in*accurate, stale, and more expensive listing data.

According to the National Association of REALTORS®, there are 883 Multiple Listing Services in America, for an average of almost 20 per state. Despite the fact that we all do the same thing, we are a fragmented, divided industry. We lack direction, minimum standards of practice, accountability to our membership and, though we have created a system of information the envy of the world's real estate practitioners, it is comprised of separate, but *un*equal parts. Our brokers endure a marketplace rife with disparity, where the quality, quantity, and accuracy of their service to the public rely almost entirely on whether they are lucky enough to work in an area serviced by a progressive MLS.

We sit atop one of the most powerful, broad information networks of any industry, yet, with all that we have accomplished, our industry lives in fear. Fear of the unknown, fear of change, and most of all, fear of losing control of what we have. Rather than seeking to improve our industry through *expanding* broker's access to comprehensive information, MLSs seek to hide it, to bury it even deeper so the 'barbarians' (read, anyone not us) knocking on the gates of our information might just go away.

Unfortunately, if there is one thing that history teaches us, it's that barbarians don't just go away and gates don't do a great job of keeping them out.* We need a better model. Rather than looking for enemies, let's look for allies. Rather than erecting barriers to try and protect what we have, let us instead build our strength through cooperation and partnerships. Together, we can accomplish what alone we cannot. We are at a crossroads; our decisions now will shape the future of our industry.

We have one product, MLS data. Our ability to gather information on a large scale is valuable both to our membership and to other industries, yet our enormous size gives the

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* If you doubt my take on history, take a look at how well China's Great Wall and the city walls of Athens, Rome, and Constantinople worked.

illusion of a unity and power we do not have. Faced with powerful market pressures to provide listing data, our fragmented, non-standardized industry can only say "yes" or "no". Our command of the marketplace lies not in being able to say "no" to businesses that want our information, but in the ability to negotiate from a position of *strength*. When it comes to MLS data, strength comes in direct proportion to size; when an MLS can negotiate for an entire *state's* listing data, that's power. If companies don't negotiate, they'll have a state-sized hole in their data. One MLS per state (or fewer in the cases of multi-state MLSs) means more accurate, comprehensive, timely, efficiently produced MLS data - with the ability to *protect* it. Power. Strength. Protection. Our future. All come from consolidation.

This white paper is an attempt to codify everything that I have learned from my colleagues and from my own experience during the creation of the Connecticut Multiple Listing Service, Inc. I hope that it will act both as a starting point for those who favor consolidation in the industry and as a guidepost for those who would choose to take up the challenge in their own market. I present the arguments surrounding consolidation, provide a step-by-step process for AEs and their leadership, and offer examples of what to expect based on my experience. Good luck!

The Argument

An Introduction to MLS Consolidation

Consolidation has taken many forms in the MLS industry. Whether it be the merging of MLSs or the standardization of MLS platforms into a consolidated unit, the idea that consolidation is necessary has gained ground only slowly. Thus far, the inability of the MLS industry to overcome internal divisions through consolidation leaves our industry exceedingly vulnerable.

Consider the debate over whether an MLS should have an online presence in the form of a public MLS website. With a few notable exceptions, until recently the real estate industry (and MLSs in particular) viewed the release of listing information to the public as a threat instead of an opportunity. Many fought the idea (and still do), yet there can be no argument that the Houston Association of REALTORS® (HAR) and others' early-to-market presence of a single, consolidated MLS public website provided their brokers with an effective online presence. The result: Houston brokers choose to allow the HAR public website to be their <u>only</u> online presence and are happy to spend the money they would have spent creating and maintaining a website on other things.

Despite this evidence of success, rather than building public websites to meet the public desire for listing information, many tried to keep it to themselves – a decision that left brokers with no choice but to either create their own website or provide listing data to a company that already had an online presence. Enter Trulia, Zillow, *et al*. Ironically, many of those in our industry troubled by the these non-industry partners - and even realtor.com** - apparently never stopped to wonder *why* these companies came into being. Each of them, in their own way, meet the needs of an industry and the public – our industry and our public – *not* being met by us. Because of our own failings, they are now partners helping us use our own data to serve our members and the public.

With the benefit of hindsight, can anyone truly argue that it is somehow easier, better, more efficient, or more cost effective in *any* way to have many, many websites with the same data, instead of a few comprehensive sites? How then can anyone argue that it somehow benefits real estate agents to *not* have more comprehensive listing data through MLS consolidation? The public doesn't want choices so much as they want good data. We forced them to go looking for a website with the data they want, and when they did, they found… not us.

** As a point of disclosure, I sit on the Move.com Executive Advisory Committee for Realtor.com.

Websites are but one example of the many issues plaguing the MLS industry, a symptom of a larger ill; lack of consolidated, comprehensive listing data. History shows us that with consolidation comes standardization. In turn, standardization permits growth, in part because the money that had been spent on dealing with a fragmented market, after standardization, gets spent on research and development.

Consider the railroad industry; consolidation helped spur growth in the east, but it wasn't until after the Civil War when the North imposed standardization on the South's railroads that they were able to explode into the west. Now consider how our interstate highway network opened the country's roads to efficient, standardized transportation. Our MLS data highway is no different. Imagine what could be achieved if the money our industry currently spends on overcoming the technological hurdles of different data feeds, different MLS vendors, different fields, etc., was suddenly freed up for R&D. Better yet, imagine what could be achieved for our broker Participants if MLSs had the membership and resources of an entire state behind them.

Why, then, does a statewide MLS make more sense than large regionals? To begin with, the NAR framework of 50 state associations already exists. Having statewide control of listing inventory allows the flexibility necessary to accommodate the different laws and politics enacted by each of the states. Secondly, by applying the standards required by licensing laws the statewide MLS can help reduce unlicensed access to the MLS. Thirdly, influence with NAR gets wielded by the state via regional representative bodies at NAR. Finally, while it may make sense for certain markets to override the objections noted above in favor of a multi-state regional, with the ever greater demand for listing data comes the question of how much it is worth. Some states will be in high demand, and some will not. Having a statewide MLS allows brokers within a state to control their own data use, its monetization, and protection, within the statutes established by the state. Multi-state regionals may have to contend with different data demands, expectations, and data protection laws from each participating state.

At its most basic level, data sharing as an excuse *not* to consolidate hijacks technology for the sole purpose of avoiding difficult political issues. Requiring an elaborate, expensive maze of hardware, software, and personnel, data sharing cannot resolve the underlying duplication and costs of multiple data sets, staffs, buildings, vendors, contracts, etc. Only one consolidated system can ensure all parties have equal access to complete, timely MLS data, *and* maximize reduction in costs through improved efficiencies and economies of scale. Yet, the one down side to consolidation is political – something that can appear insurmountable because consolidation requires that everyone agree on one common MLS

system.[1] Forging a common path where everyone can be brought to agree on the merging of data, staffs, locations, and MLS systems, is often so difficult that data sharing seems like a more reasonable choice because, in short, it appears achievable. Yet, consolidation can be achieved. Assemble the right people (i.e., people who can check their egos at the door) and change the conversation from what members will lose to what they will gain.

Data Sharing

Some believe that data sharing is just as effective as consolidation. They may even tell you that it's better because data sharing allows 'competition', and the ability for unique communities to protect their unique ways of conducting their unique business. In reality, unless data sharing is being used as a stepping stone to consolidation, it is a monumental waste of member dollars, and volunteer/staff effort and time. Rather than being a technical 'solution', the ugly truth is that data sharing has many, many technical issues that cause inequalities between data sharing partners, data inaccuracies, unequal access to timely data between partners, enormous hardware requirements, heavy tech staff time requirements, and bloated expenses. While we can rightly marvel at the technological ingenuity of especially the larger MLS data sharing efforts, their efforts will be more marvelous still when they deal with the underlying inefficiencies of fragmented MLS markets through consolidation into one, common statewide - or larger - MLS system.

There are several different kinds of data sharing that vary significantly in terms of difficulty, cost, quality, and time frame.[2] *<See below>*

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[1] There are alternatives involving a common back-end with custom front ends.
[2] Some excellent work was done on this topic in the May 9, 2007 Overlapping Market Disorder white paper jointly authored by Pranix and a number of MLS industry executives.

1. **Reciprocal Access/Reciprocal Membership**: *Each MLS remains independent, but through an agreement provides members with the ability to access another MLS or become a member of another MLS by virtue of their primary membership.*
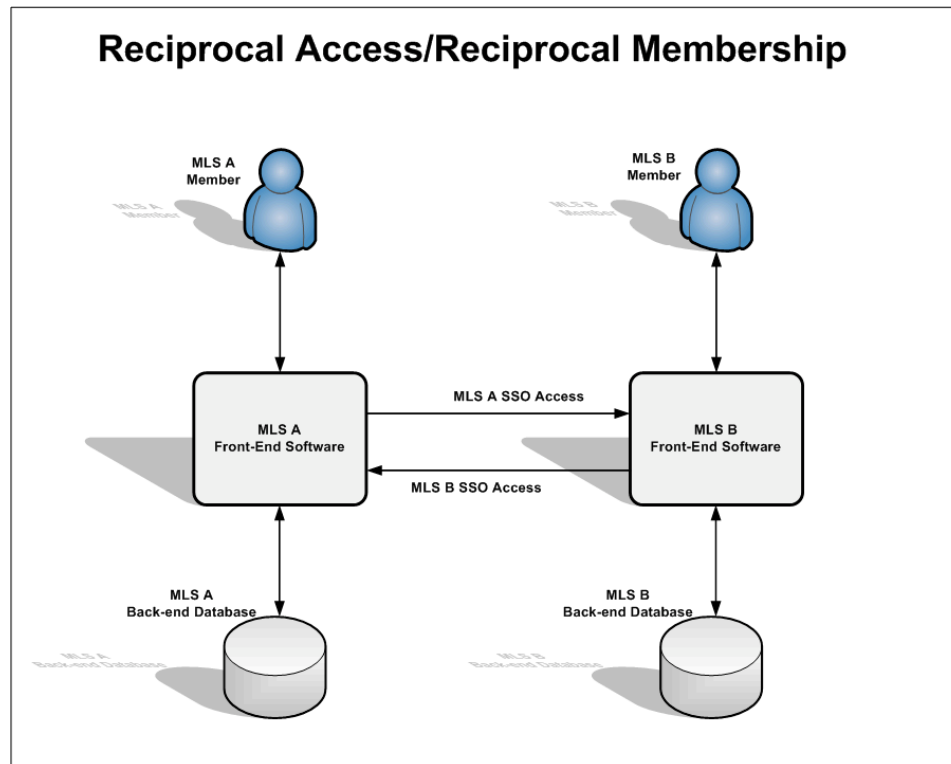
Pros:

    a. *The most basic approach; when used by two MLSs using the same vendor there is minimal programming and minimal cost.*

    b. *Using Single Sign On (SSO) technology, reciprocal access can also be arranged between MLSs using different vendors.*

    c. *Access can be limited to simple read-only active listings, or can be expanded all the way up to all statuses, all classes.*

    d. *Honors primary membership in an MLS. For reciprocal membership, only those agents who actually use the reciprocal access have to join.*

    e. *An excellent way to data share across state borders without great expense or upkeep.*

Cons:

    a. *In the case where a reciprocal agreement is being used instead of consolidation, it does not resolve the duplication of costs, services, etc., inherent in areas of overlapping MLS markets.*

2. **Data Exchange/Data Sharing:** Each MLS provides the other with a data feed that gets integrated into each primary system.
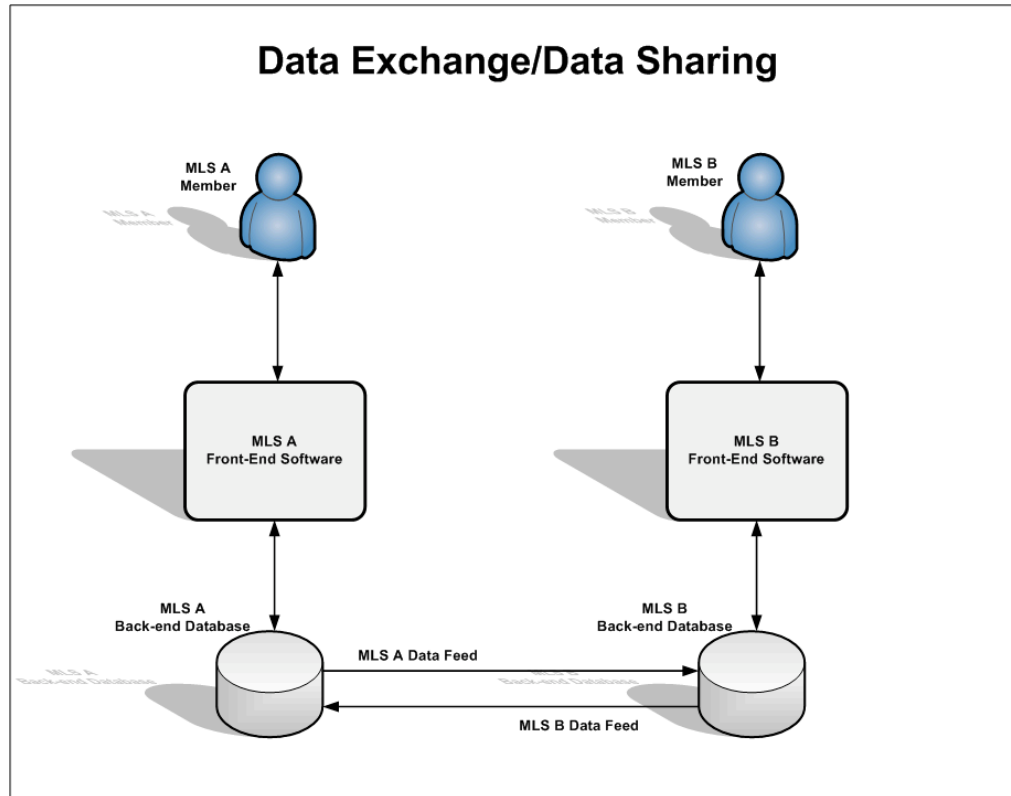
Pros:
   a. *Can provide brokers and agents with an alternative to paying multiple MLS fees by exchanging listing data between participating MLSs.*

Cons:
   a. *Unless listing data from data sharing goes directly into the* <u>*primary*</u> *system, it will be ineffective. In my experience with MLS Advantage, a free statewide MLS attempted in Florida, listing data provided on a secondary platform, separate from the primary MLS, showed user levels of only 10%-15%.*
   b. *Data sharing that does not include an agreement to cover use of listing data by third party vendors is useless to many agents and brokers without the ability to use CMA programs, advanced tax programs, combined market statistics, etc.*
   c. *There are multiple risks to the MLS in this type of data sharing, including on-going data inaccuracies, lag time between MLS updates, high initial cost, and high ongoing costs to maintain. Data inaccuracy in particular plagues this type of data sharing because there is constant translation between MLSs that*

may have different field names, different numbers of mandatory fields, different character counts per field, open fields or not, etc. To make matters worse, any change made by an MLS to its fields requires significant advance notice in order to program an update for the data feed. All too often, a small change in one MLS breaks the data feed to the other, unfortunately leaving the offending party with a working system while their data sharing partner's is broken. MLSs are particularly at risk from data sharing partners in this type of data sharing.

d. *There will be considerable cost to program the translationing required to operate this type of data share. Every time one of the parties changes something in their MLS, it will require programming expense to update the data share.*

e. *Update frequency may vary between the parties, causing one MLS to offer more accurate/timely data than the other. Even in increments as small as 15 minutes difference, members will notice the lag.*

f. *Data sharing does not resolve the duplication of costs, services, etc., inherent in areas of overlapping MLS markets.*

3. **Shared Back End:** This concept allows MLSs wishing to data share to have their own preference for an MLS system (front-end), but with a jointly shared back-end system that feeds identical data to individual front-end solutions.

Shared Back-End

MLS A Member

MLS B Member

MLS A Front-End Software

MLS B Front-End Software

Shared Back-End Database
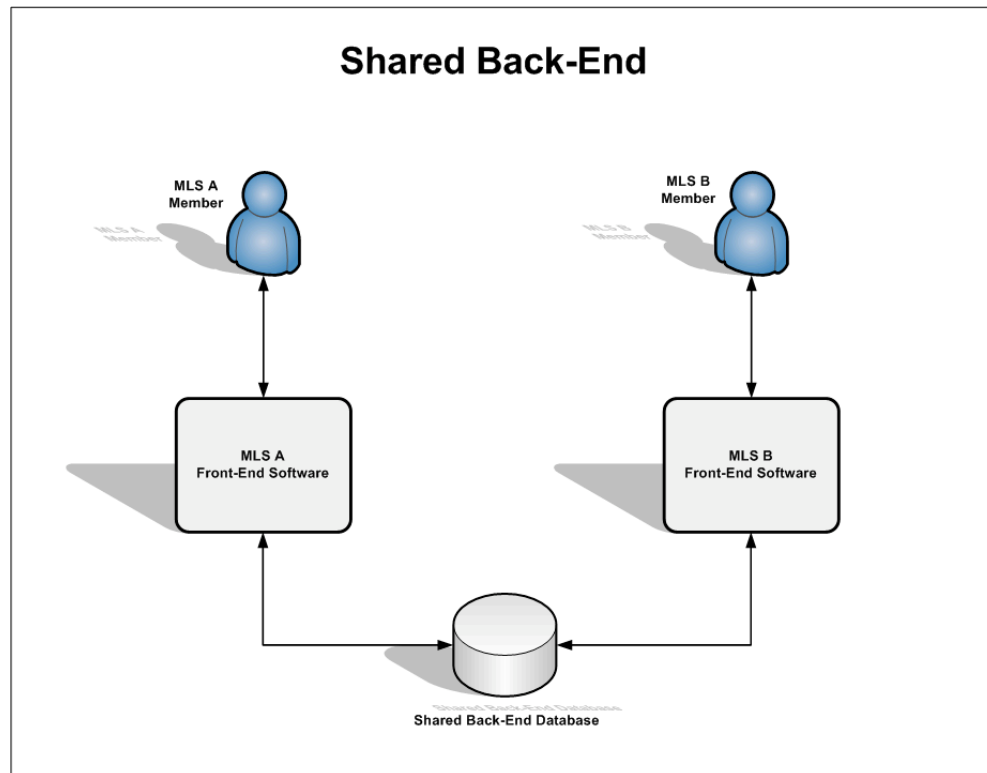
Pros:
   a. *Eliminates the problem of choosing which MLS is better by allowing individual selection, with one common database feeding everyone, regardless of MLS.*
   b. *Provides common IDX feed and RETS access feed to brokers/vendors.*
   c. *Eliminates the need for brokers to pay multiple MLS fees.*
   d. *Will work with most third party vendor add-ons.*

Cons:
   a. *This is an expensive solution that trades the ability to choose a front-end MLS solution for the expense of buying, building, and hosting a back-end solution.*
   b. *Questions over who owns the joint database, hardware, etc. need to be addressed.*
   c. *Requires common Rules & Regs.*
   d. *Requires common fields.*

e. *When viewed from the perspective that the alternative is a statewide MLS, the expense of individual MLSs keeping their own individual pricing/billing structure is a negative.*

f. *Other than eliminating multiple MLS fees, it does not resolve the duplication of costs, services, etc., inherent in areas of overlapping MLS markets.*

4. **Shared MLS Vendor:** This takes the shared back end concept one step further and eliminates many of the pitfalls of the shared back end by consolidating both the back end and front end into the same system. Short of complete consolidation, this is the most favorable and cost effective means of data sharing.
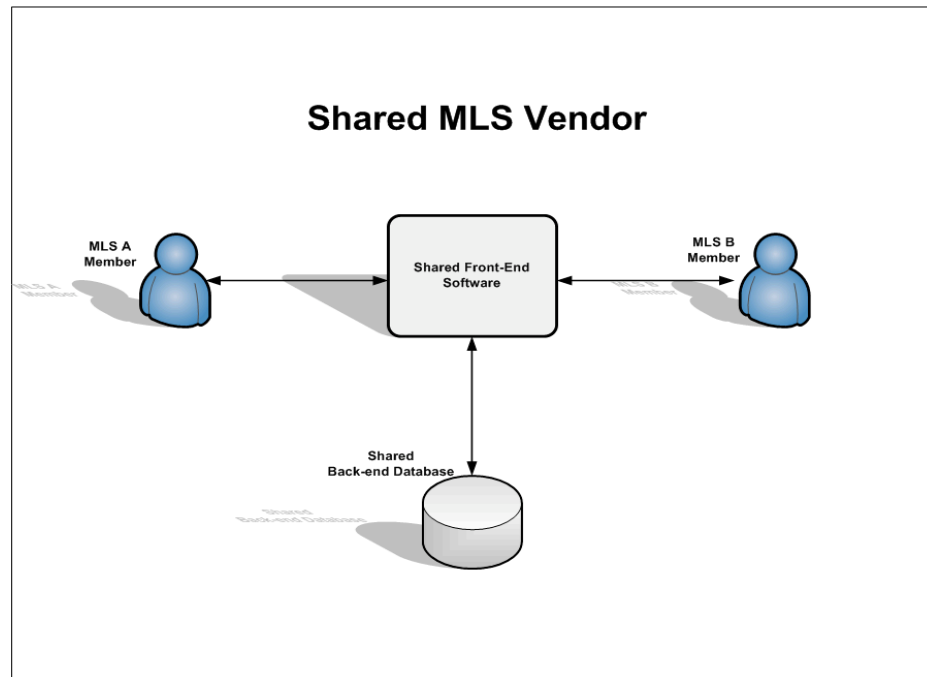
Pros:
   a. *One MLS vendor and common database allows joint negotiations on cost savings with the vendor.*
   b. *One common front-system for all MLS users allows commonalities in training, listing entry, etc., which saves brokers money.*
   c. *Combined membership data from all MLSs will work with third party vendor add-ons.*
   d. *Provides a common IDX feed to brokers*
   e. *Allows for combining customer service resources*

Cons:
   a. *Requires common Rules & Regs*
   b. *Each MLS retains organization, services, technology, benefits, ownership, and governance.*
   c. *Retains individual MLS member pricing*
   d. *Other than eliminating multiple MLS fees, it does not resolve the duplication of costs, services, etc., inherent in areas of overlapping MLS markets.*

5. **Consolidation:** This concept addresses all the key issues affecting Participants/Subscribers in an overlapping market. Assuming a proper governance model, it is the most economically efficient model.
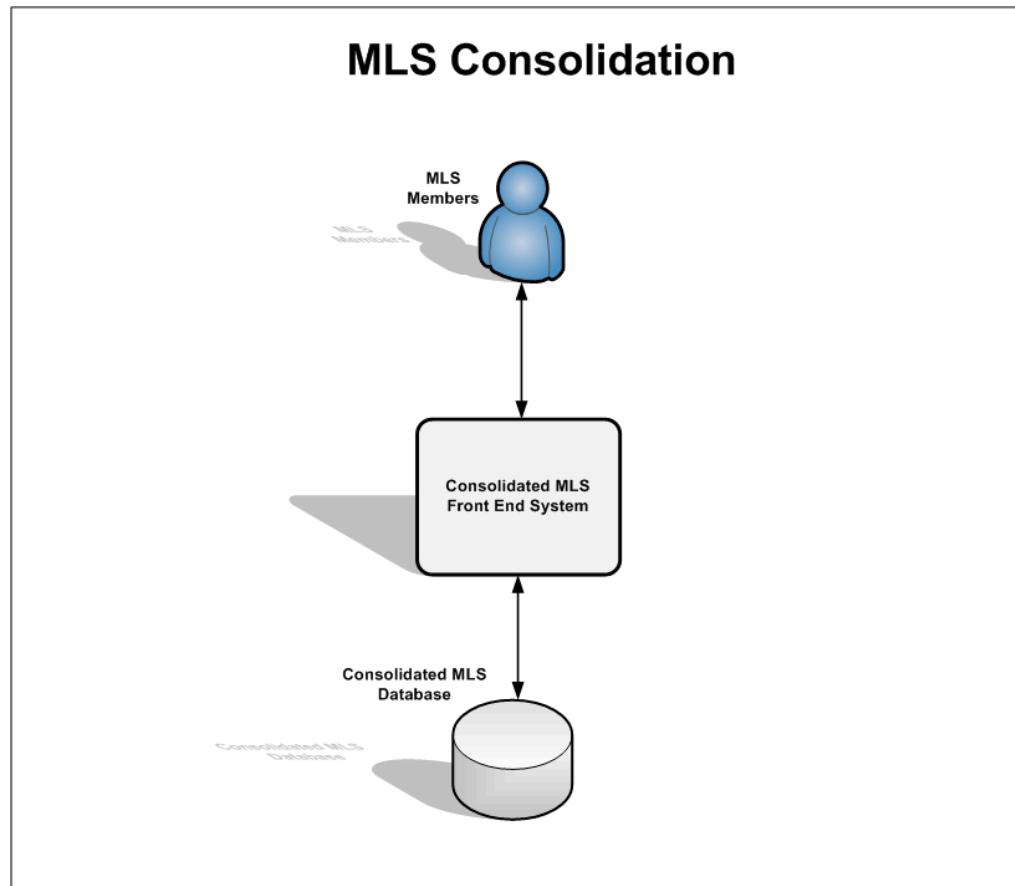
Pros:
    a. *One common MLS database for all members.*
    b. *One common MLS infrastructure/staff for all members.*
    c. *One set of MLS Rules & Regulations.*
    d. *One IDX feed/RETS Access to brokers.*
    e. *One MLS fee to member.*
    f. *Provides the public with the assurance that their agent can show them every property listed by every member of the statewide MLS.*

Cons:
    a. *Is not conducive to maintaining MLS fiefdoms.*
    b. *Is not conducive to being controlled by any one broker or small group.*

Consolidation Overview

Probably the greatest fear for any Association owned MLS is losing the income derived from their MLS operations. Most, if not all, Associations who own MLSs operate them as a separate, for-profit MLS corporation, but many use income from the MLS to support their non-profit Association-side needs and services. As a result of financial support from the MLS, many Associations operate well beyond what their means would allow if operating as stand alone corporations. The problem is, siphoning funds from the MLS dilutes the ability of the MLS corporation to enact change, add benefits, etc., and conceals critical core competency issues within the Association business model. You may be surprised to find that the six Connecticut Associations which gave up their ownership of their MLSs to create the statewide found themselves better able (and better equipped) to concentrate on core Association business like education, training, local and state political issues, etc.

Consolidation of the 983 MLSs in the country into 50 would not, therefore, result in mass layoffs of Association Executives. Assuming that each statewide MLS operates a functionally independent (even if owned by the state association) from the state association, if the statewide MLS makes use of local associations for their Service Centers, attrition from consolidation would remain low.

In turn, the benefits would be enormous, with the new statewide MLSs able to immediately lower costs through economies of scale, renegotiation of vendor contracts, and much higher levels of efficiency. MLS members that had been stuck between MLS territories would immediately save money by no longer being forced to pay multiple MLS fees, larger brokers would immediately save money on programming/website costs (multiple data feeds, down to one) and training (one set of MLS rules, and one MLS program) for agents. Additionally, brokers can determine true market share and agents can bring up all comps under a statewide system. Finally, at the heart of it all, the consumer would be able to engage with a real estate broker with every confidence that when they want to see available properties, they would be shown *all* the available properties listed, not just those in the MLS their broker happened to belong to.

Politics

Politics is the single greatest barrier to the advancement of MLS consolidation. Politics is the many-headed Hydra that defeats good ideas, good intentions, good planning, good policies, and ultimately, good governance. Given a choice to create a national map of MLSs from scratch, would anyone truly design a system of more than 900 MLSs to service 50 states? The idea is absurd, so why are we stuck where we are? Politics.

What *would* we look like today if we could start from scratch? I think it likely that with a strong "central government" in NAR, the MLSs could look very much the same as the Association model with 50 MLSs, one from each state. They would be owned by the state association and under the auspices of the National Association of REALTORS®, but controlled and operated by a Board of Directors independent of the REALTOR® Association in operations, financials, leadership, and the fact that they would be run like a business.

When stripped of the political thorns that prevent rational discussion, it is clear that, logically, if someone is licensed to practice real estate in a state, they should be able to provide their client with real estate listings for that state – all of it. It is also clear that MLS participants within a state should have a reasonably similar ability to serve the public by having access to the same quality of information and services throughout the state.

Unfortunately, as it stands today, the public is subjected to inferior service, capabilities, and information from their REALTOR® simply by an accident of geography. Whereas a REALTOR® in the next town over may have an MLS that provides tax data, broker downloads, statistics, etc., if *your MLS* doesn't provide the same information, you can't hope to provide the same level of professionalism. By ensuring a minimum standard of MLS service, the industry prevents inequality between MLSs from affecting the rights of the buying and selling public to, at a minimum, rely on their agent to provide the same basic level of professional knowledge and capability as any other agent in the state.

We all know of neighboring MLSs that offer wildly different standards of service to their membership – and through them, the public. For instance, one MLS provides a broker download of all data at no cost, the other charges a high price – or doesn't offer it. One MLS provides the ability to access the MLS via mobile devices; the other does not. One MLS provides free syndication of listings to the internet; the other does not. One MLS requires listing entry be done by the MLS office; the other does not. One MLS requires the

purchase of the real estate book, and the other does not. One provides tax data; the other does not.

Where some would argue that inequality is the result of competition, I would argue that it's not true competition if the customer (the MLS subscriber) cannot conduct business because the listings they need are held captive by a less effective MLS. True competition assumes the equal *ability* to compete and would allow brokers to choose freely between MLS systems based on their products/services, secure in the knowledge that all listing data would be available in whichever system they chose. As it stands now, in theory, a dissatisfied broker could leave MLS A to go to MLS B for better service, but unless MLS B has the listing coverage the broker requires, their ability to *outcompete* MLS A matters not at all. Ultimately, the decision by MLS leadership not to consolidate MLS data to a statewide level (or larger) willfully limits their member's ability to compete, and the public's rights to comprehensive, timely, and accurate listing data.

Protectionism: We're So Special

The last line of defense for anyone trying to justify isolationism over consolidation is the "We're So Special" doctrine. This concept argues that an area can be so special, so unique, that clients somehow benefit from their listing being exposed to *fewer* buyers. The logic behind this defies reason, but was thoughtfully summarized for me by an agent (who happened to be President of the local association at the time) in an exclusive area who simply stated, "We don't want *them*, here." By "them," he was referring to agents not holding membership in his local MLS. The fact remains, however, that anyone willing to pay the MLS membership fee gains access to the system, which severely undercuts the 'exclusivity' argument

His belief was that, as a native of the community and member of the local MLS, his innate knowledge of the community and the people in it would provide his clients with a superior experience to anything a non-member agent could offer. This, despite the fact that his MLS did not provide tax data, foreclosure information, local demographic data, an effective CMA program, broker download data for his office, listing syndication, statistical data/rendering software, and boasted fewer than 500 agents able to view the listing in the MLS system. Not to mention the fact that listing agents from five different MLS held listings in his town and he only belonged to one. If we accept that the original purpose behind creating the multiple listing service was to expand listing exposure by introducing them to greater numbers of brokers (and through them, clients), then it stands to reason

that the greater a listing's exposure to brokers, the greater the benefit to the client. The decision by some MLSs to make their listing data exclusive flies in the face of the fundamental concept the MLS industry was founded upon.

Weighted according to its relative virtues and drawbacks, protectionist policies by MLSs clearly aim to protect the market share of some brokerages and benefit the MLS corporation at the expense of other brokers (i.e., competition), and consumers (the public). Yes, there are multi-million dollar homes with Renoirs and Monets hanging on the walls, and homes owned by celebrities that require low publicity and high security. That is their right, but these are exceptions. Having lived and worked in Manhattan, San Francisco, Naples, Florida, and Greenwich, Connecticut, I can say unequivocally that the glamour properties held up as examples of why consolidation/data sharing is a bad idea are only a small percentage of the whole. The fact is that the vast majority of clients want to sell their home quickly, for the best price possible. That can only be achieved by exposing the listing to the greatest number of real estate professionals able to bring qualified buyers to the table. To prevent this harms the public, harms brokers, and is anti-competitive in nature.

Association Executives : The Problem and the Solution

For many Associations, convincing their Association Executive that consolidation is a good idea will be the hardest thing they will do. Time and again, I have watched AEs react with fear and aggression towards the concept of consolidation, believing it to be a threat to their job, their company, and the "specialness" of their local real estate market. Time and again, despite the best efforts of volunteer leadership, their efforts to build consensus around consolidation have met with significant pushback from the very person whose job it is to facilitate the process. Unfortunately, when it comes to discussing consolidation, many AEs seem to lose sight of the fact that they work for the volunteer leadership, not the other way around.

The push in CT for a statewide MLS was no less difficult than anywhere else, but our progress was made easier by the efforts of a few forward thinking AEs on both the state and local levels who, over *years*, persuaded, cajoled, and worked like crazy to keep the dream alive. Then again, there were others who fought tooth and nail against a statewide MLS (and still do), and others who fought against it, but are now our strongest supporters.

To help explore the inevitable questions/issues surrounding the statewide MLS effort in CT, a work group was formed of local MLS presidents and their Association Executives (AEs). It was the unanimous decision of the workgroup to create a statewide MLS. After incorporation in 2006, a Board of Directors was formed to begin conducting the business of the corporation. Discussed in more detail later, the Board asked the MLS executives to nominate one AE to represent the other AEs on the Board of Directors. The statewide MLS efforts were driven by volunteer leaders, with the AE's role to provide advice in his area of expertise, administrative support, and to be the communicator on behalf of the other EOs.

The facts are these:
- No Association/MLS Executive lost their job as a result of the statewide MLS.
- No Associations 'went under' or were forced to merge as a result of the statewide MLS.
- Of the 6 MLSs that gave up ownership of their local MLSs to create the statewide, all have recovered from the initial difference in income between their prior MLS ownership and their current Service Center status, and all have been able to improve their products and services to their REALTOR® members.

Ultimately, Association Executives are in the best position to either facilitate or block progress towards a statewide MLS. They carry a great deal of responsibility with their position, but perhaps the greatest of those responsibilities is to do what's best for their members. Ultimately, if Leadership wants a statewide MLS, it is the AE's job to make it happen. Clearly, what's best for the members is to have high quality, comprehensive, efficiently produced listing data for the entire state.

Brokers Lead the Way

The first discussions about creating a statewide MLS in Connecticut began more than a decade ago, and though some initial consolidation between MLS occurred, it created a great deal of bad blood. Not until it became clear to brokers that their local MLSs had no intention of consolidating further, did they begin to push the issue once more. Led by some of the largest brokers in the state, but including brokerages of all sizes, brokers let it be known that the status quo was unacceptable and, absent cooperation from the local Association owned MLSs, considered launching their own MLS, entirely divorced from the

REALTOR® Association family. In response, the state Association offered to help facilitate the process, which was accepted.

It is important to note what a superb job the state association did of walking the tightrope between facilitating without raising fears that they were attempting to hijack the process begun by the brokers. Their recognition of that fact that, in the minds of many of the brokers, local Association owned MLSs and AE's were part of the problem, allowed a respectful hearing of broker concerns. Their success of the state association at providing only careful guidance, rather than attempting to control the direction, resulted in the successful creation of a governance/corporate model everyone could live with and a return to the REALTOR® fold by brokers who had been deeply distrustful of Association interference in their business.

Facilitated by industry consultant Steve Yanoviak, a Work Group was established to investigate the feasibility of a statewide MLS, what it would look like, how it would operate, etc. Through a lengthy process supported fully by the state Association, their efforts were combined with informational meetings throughout the state specifically designed to keep the membership informed of progress and, more importantly, to solicit feedback on the process. Their efforts proved invaluable when an impasse at the last hour over broker vs. REALTOR® Association ownership nearly led to a breakdown of the process. Through the solicitation of extensive feedback from brokers and agents around the state, the Board of Directors founded on the Work Group's efforts were able to establish unequivocally that, while agents distrusted the concept of a broker owned *and* controlled MLS, they were more comfortable with a broker controlled, REALTOR® owned MLS. As a result, brokers agreed to the governance model described below.

Governance

The system of MLS governance is broken. NAR has stood at a distance for too long while MLSs suffer the consequences from lack of direction in the industry, lack of understanding of the threats facing our industry, and lack of leadership in forging the consolidation our industry needs to thrive. Without that leadership, without a strong effort to bring consolidation and standardization to the MLS industry, brokers will continue to fight with NAR and MLSs over control of their data, access to data, standardization of data (fields, values, etc.), standardization of the technology to move the data, (RETS has finally made some headway, here), agents, territory, minimum standards of service, and consolidation.

Even Connecticut, the third smallest state in the union and a state that *has* a statewide MLS, still has brokers forced to join <u>five</u> separate MLSs with five sets of data feeds, different training for agents, different Rules & Regs, different billing schedules, etc. How, then, can any MLS smaller than a statewide claim to operate in the best interests of their membership when this is the case? How does a statewide MLS best ensure that the rights of brokers, agents, and MLSs are heard, respected, and incorporated into their business model?

I am aware of many governance models around the country; some, obviously dysfunctional, and some that work pretty well. What stands out most clearly about the successful models is that the MLS has <u>functional</u> independence from Association management. While I believe strongly that there is a real benefit to REALTOR® Association ownership of an MLS, I also believe strongly that a statewide MLS should be run by a separate board of directors, independent from the influence, political machinations, and decision making of an owner state Association. By their very function, Associations run like…well, like Associations, with large Boards of Directors, and large numbers of committees creating policy and governance recommendations. A statewide MLS must be run like an efficient corporation with a small board of directors able to make nimble decisions, and committee involvement only where necessary for Rules & Regs, MLS changes, and special circumstances (website design, etc.).

Governance Model

To date, the best model I have encountered happens to be the Connecticut Multiple Listing Service, Inc.'s. Even though I am CEO of the company, I can't take credit for the governance structure, because the heavy lifting was completed by several exceptional volunteers and very forward thinking Association Executives before I was hired. The model they created was based on a mutual understanding between the brokers and the MLS on the following principles:

- o Brokers own their own listing data. The MLS owns the compilation of listings.

- o The broker is responsible for the business interests of the company. Agents are independent contractors of that company.

- o Whether large or small, every brokerage has an equal stake in the game and pays the same membership fee to the MLS. Accordingly, every broker receives equal representation at the MLS. One company, one vote.

o   Membership in the National Association of REALTORS® is an important benefit. Staying in compliance with NAR Bylaws and Rules & Regulations offered the best chance for the MLS to ensure equal service to all members and protection under the Errors and Omissions insurance umbrella.

With these in mind, the committee came up with what I believe to be the most fair model for ensuring strong, equal representation for the Participant brokers of a modern multiple listing service:

Equal Representation Model
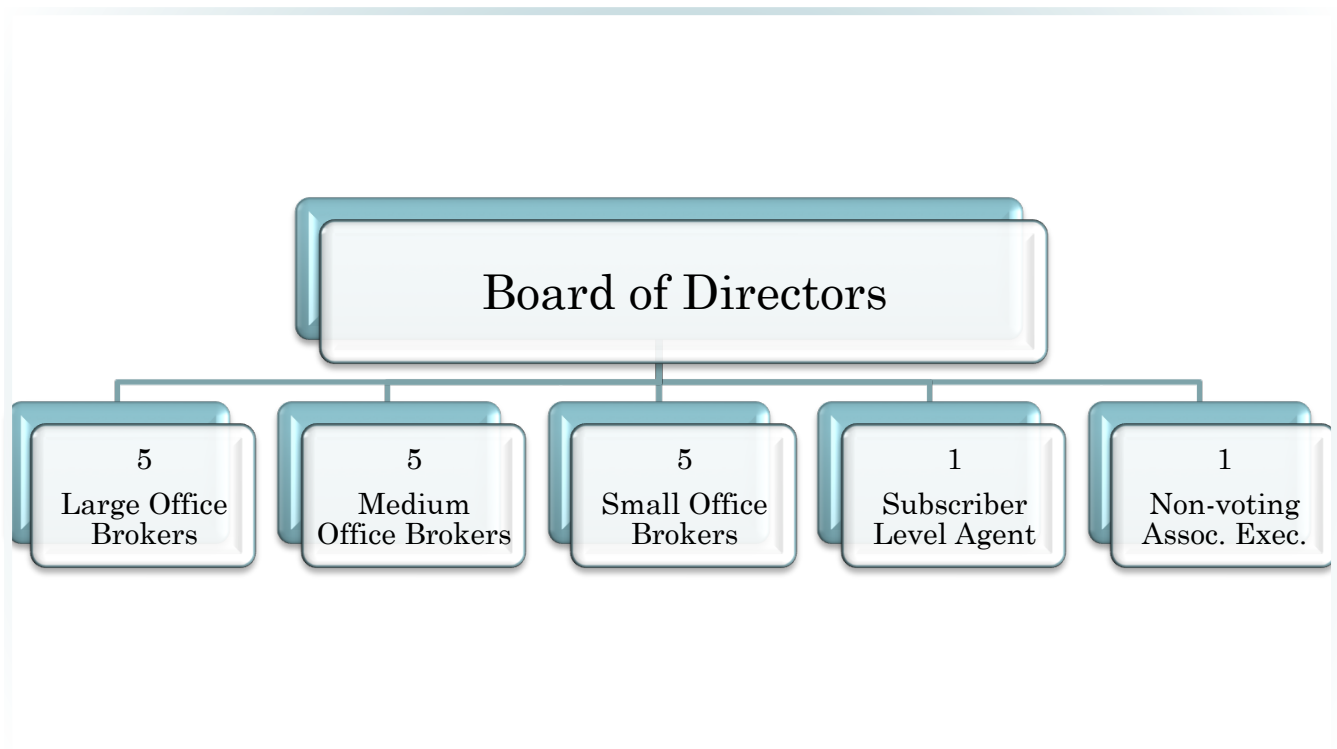
- **Equal Representation:** Seventeen (17) board members; five (5) from large companies, five (5) from medium companies, and five (5) from small companies. In addition, there is one (1) agent level board member and one (1), non-voting Association Executive. Each board members receive one vote and all votes count equally. Large brokerages are determined by taking the largest ten (10) companies, by number of agents. The remaining offices are then split in half, by number of agents, to get medium and small.

- **Geographic Representation:** Connecticut has four geographic regions designated by the State Association. All four regions must be represented in the medium and small companies (large companies cover several regions, if not the whole state, which accounts for geographic representation).

Some have argued that large brokerages benefit the most from MLS consolidation and that a statewide MLS system amounts to a "take over" by large brokers. In the sense that large offices have to deal with the major problems of dealing with multiple data feeds, different training on each MLS for agents, different rules for each MLS, different costs of each MLS, different payment schedules, and different levels of service and capability from each MLS, then yes, large brokers benefit greatly by no longer having these headaches. However, to get these benefits, instead of demanding proportional representation, large brokers in Connecticut agreed to equal representation (one vote, one company) on the board of directors – even in light of the fact that smaller brokerages didn't have any of the problems or expenses endured by large brokerages. In addition, for anyone to argue that the improved data, efficiencies, products and services, that a statewide MLS offers doesn't benefit *everyone* belonging to it, rests their argument on a pretty impressive ability to ignore the facts. By ensuring that large, medium, and small offices are all represented equally and all have an equal say in governance, the MLS can ensure no one office, group of offices, or geographic region can control decision making.

REALTOR® vs. Non-REALTOR®

Simply by virtue of having the National Association of REALTORS® on your side, the benefits to being a REALTOR® MLS outweigh the drawbacks. From the products and services for REALTORS® and E&O insurance, to their incredibly powerful lobbying on Capitol Hill and REALTOR® branding, NAR's benefits remain potent. However, the fact that NAR has neglected to take a leadership role in encouraging/facilitating consolidation and standardization of services, raises the question of how long MLSs will choose to be under their authority.

Apparently, NAR has yet to fully realize that MLSs have no unbreakable tie to them as a governing entity. Indeed, the fact that NAR permits non-REALTOR® owned MLSs to operate with the same benefits and services as REALTOR® owned ones further weakens their position. For example, a non-REALTOR® MLS in the same state where a REALTOR® Association owned, statewide MLS has been established, claimed in the face

of the Department of Justice's VOW lawsuit against NAR, that they were immune from the DOJ action because they weren't a REALTOR® MLS. It's an interesting claim (I think they're mistaken), but this same MLS uses the NAR eCommerce module, sends listings to realtor.com, and makes full use of other REALTOR® benefits. With the REALTOR® brand being damaged by the very non-REALTOR® MLSs that makes use of NAR products, clearly, there is a disconnect at NAR as to what it means to be a REALTOR® MLS.

Rules & Regulations

Most MLSs follow NAR's guidelines on the Rules & Regulations, so they should be reasonably close, but there's always someone who truly believes that their market area is so special that it requires special rules that trump everyone else's. In <u>rare</u> instances, this is true and the negotiating parties must come to terms with the fact, but what is more often true, is that people are often unwilling to change the way they do business. For a variety of reasons, including re-training the membership, noticing the membership properly, cost, and simply not knowing enough about the issue, negotiations often hit a wall when it comes to the Rules & Regulations.

A reasonably good starting point is to take the existing sets of Rules & Regs off the table and have all parties work from the NAR Model Rules & Regs. Go through, article by article, asking for changes and additions. Using this process, rather than starting off by comparing documents, forces all parties to make the case for a change or addition, instead feeling like they have to defend what's already there. It's also a good way to avoid the absurdity of back and forth word smithing of minor issues in the middle of a meeting. An additional benefit to this approach is that many MLSs may not have closely examined their Rules & Regs in a long time. Starting with NAR's baseline model will help clear any 'dead wood' language that may have accumulated over the years.

Remember that change can be scary and difficult, and it's just as scary and just as difficult for the people you're negotiating with across the table. Ultimately, the idea of consolidation is *about* change – change for the better. Concentrate on the positive; why you're making the changes and what benefits come from them. Some members will always be upset with change, but if you pitch it properly most members will not only get it – they'll appreciate it.

Ownership

A number of MLS ownership models exist, including:

Broker Owned

On the face of it, a broker owned MLS might seem to make the most sense. After all, since brokers own the listing data, they should be able to determine how best to make use of the data. The problem I see with the broker owned model is that unless the governance model assures equal voting power regardless of size and geographic location, the MLS can be dominated by the largest brokers or geographic region. Unfortunately, what is in the best interests of a large broker may not always be in line with what is in the best interests of the rest. This dichotomy can lead to high tension and can often be a sticking point in consolidation efforts if broker owners are unwilling to give up their control for a different governance model.

Broker owned MLSs can be run as efficiently as a corporation, or they can be run like a country club. If they are not beholden to the NAR Bylaws or Rules & Regulations and there is no governance model that ensures corporate responsibility or fair representation, there can be a strong tendency towards unwarranted secrecy regarding corporate operations and insular decision making. In turn, this can lead to self-perpetuating accountability issues and opaque business practices. Still, one can hardly blame brokers for desiring control when other MLS governance models provide such glaring examples of how an MLS impedes, rather than facilitates, their ability to compete in their marketplace.

REALTOR® Association Owned

A model of noble intentions, if not efficiency, Association owned MLS governance often rests in the hands of whomever is willing to serve. For many associations, this includes agents and sometimes even affiliate members. All should be commended for their willingness to serve their Association, but it must be recognized that agents and affiliate members may have a vastly different understanding of how an MLS's decisions affect a brokerage than a broker does. Ultimately, the broker is the one left holding the bag if the MLS does something foolish, so every Association owned MLS should protect their broker owners by ensuring adequate representation and power in the governance model. The

agent level representative has a place in the overall governance structure - MLSs and brokers, ignore their input at their peril - but there should never be an instance where agents have more power over the MLS than brokers. The broker is the owner, the listings are owned by them, they are responsible if something goes wrong, and they should not have independent contractors making decisions for the MLS that can severely effect brokerage business.

For all it's problems, if brokers receive the ability to control their own data and govern the MLS, an Association owned MLS with a Board of Directors functionally independent from the owner Association is the best model with the greatest chance of ensuring fair governance and corporate responsibility. The Connecticut Statewide MLS (CTMLS) is owned by the Connecticut Association of REALTORS® (CAR) as the "Sponsoring Member", but other than CAR control over certain portions of the bylaws, CTMLS operates as an independent entity with it's own Board of Directors, power over all corporate decision making (save dissolution and change of ownership, which require CAR approval) and financials. As noted above, the Board of Directors is comprised of seventeen (17) members; five (5) large office brokers, five (5) medium office brokers, five (5) small office brokers, one (1) agent, and one (1) non-voting Association executive. In essence, we have combined the best features of several models by holding REALTOR® status, offering representation for brokers, ensuring equality in governance, and offering the high levels of corporate efficiency expected from a well run broker, owned MLSs. No other combination offers quite the same benefits without the accompanying drawbacks.

Shareholder Owned

MLSs can only benefit from being run efficiently, so borrowing corporate structure from the business world can be a good idea. The argument supporting corporate business models rests on the idea that economic pressure to yield profits helps ensures efficiency by encouraging the desire to trim expenses and business practices that limit profitability. However, two factors in MLS management mitigate market forces that, were they operating in a free market, would encourage profitability.

First: Annual turnover in the volunteer leadership of the MLS inherently robs the corporation of a consistent direction. Despite all the "visioning," strategic plans, and workshops, in practice, every new president has new ideas and goals that they, appropriately, want to pursue in their term in office. While it is the MLS Executive's job to keep the corporation "on message" with budgetary issues, it is also their job to

accommodate the wishes of the President, which can be at cross-purposes. Additionally, with leadership changes every year (or even every other year, as is the case with many Treasurers), oversight of budgetary practices often gets reduced to a simple examination of the bottom line rather than a deep understanding of budget line items, their reason for being, and their individual performance. Further, MLSs do not endure the same market forces that come with true competition. To summarize, the free market forces that help ensure efficiencies in corporate America are far less effective in the MLS world because of our insular and protected corporate structure and governance.

Second: Especially for shareholder owned, non-dividend models, there can be a deep reluctance to show large profits at the end of the year - profits that might lead to questions from the membership on how their money gets spent. Unfortunately, this can lead to spending of what would otherwise have been profits. The reverse is also true, however, that some MLSs have no qualms whatsoever showing consistent, large profits, year after year, that get immediately placed in a war chest reserve. Considering that the MLS was founded to provide services to their members, I would argue that large reserves that have no designated purpose (e.g., a capital fund for a new building), are not the best use of member dollars. A general rule of thumb; once you have funded reserves (6 months is plenty, 12 months is too much.)[3] MLSs should budget for a modest annual income and ensure that member dollars get plowed back into member services.

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[3] For discussion in greater detail, see the "Financial" section beginning on page 30

Financial
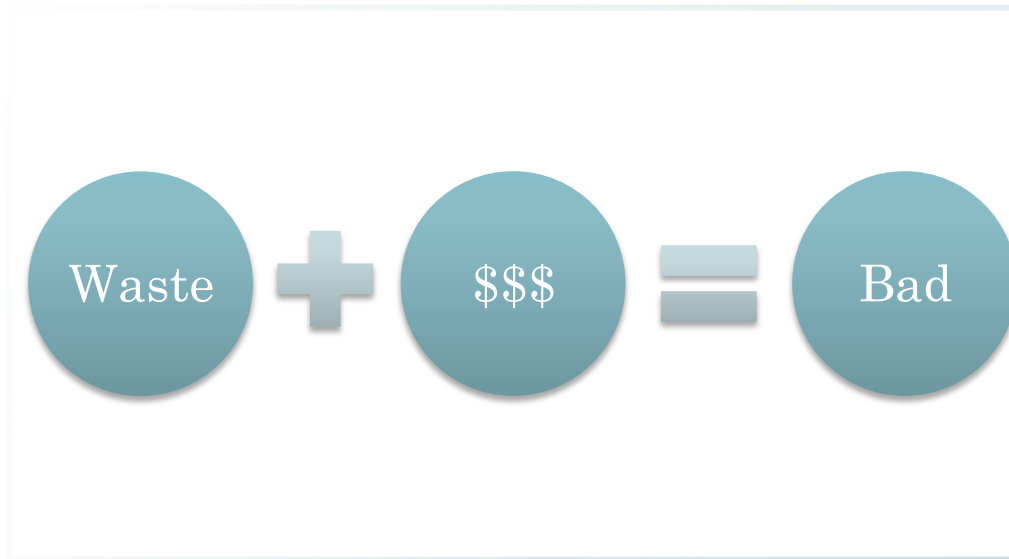
Nationwide, real estate brokers and agents waste an estimated $100 million a year paying excess fees caused by duplication under the current system of overlapping MLSs. Connecticut is the only state for which I can provide actual figures, but the calculation goes like this:

CALCULATION:

The CT Statewide MLS currently runs at a cost per member of $294 per year (calculated by taking the total budgeted expense and dividing by the number of members - $3,326,624/11,300). Connecticut has roughly 17,000 REALTORS® (11,300 of which are Statewide MLS members), so if CTMLS were providing MLS service to ALL 17,000 REALTORS® in the state, at $294 per member, the cost to provide MLS services would be $4,998,000 ($294 x 17,000). Subtract the total expense in the CTMLS budget for the 11,300 REALTORS® we service and you get $1,671,376 – which, in a perfect world, should be the TOTAL combined budgeted expense of the other four MLSs to provide MLS service to the remaining 5,100 REALTORS® in the state.

(A)(B)-C=D

A: (Cost per-Member) B: (Total Members in State)
C: (MLS Budget Expense) D: Total of what it should cost to provide MLS service to all members in the state.

Unfortunately, the estimated combined costs for the remaining four MLS equal more than $4 million per year. Take the $4 million, subtract the $1,671,376 and you get a total amount of waste of $2,328,624. That's more than $2 million a year that Connecticut REALTORS® in just *one county* spend over and above what it would cost for the statewide MLS to provide MLS service to everyone. Calculate what it's like on a national scale and you get $2 million x 50 states. That's $100 million in waste – and Connecticut is a small state with only five (5) total MLSs, quite a bit lower than the average of twenty (20).

$$3,326,624/11,300 = 294 \ (17,000) = 4,998,000 - 3,326,624 = \mathbf{1,671,376}$$

$$4,000,000 - 1,671,376 = \mathbf{2,328,624}$$

$$2,328,624 \ (50) = \mathbf{116,431,200}$$

Now, it would be easy to discount these calculations as voodoo economics, but here are a couple of reasons why they're reasonable:

- The Statewide MLS already purchases tax data for the whole state, so there would be no additional cost of outright purchase. Also, our per-member cost would *decrease* if we added 5,100 members. Even though our total expense would increase, it would be more than offset by the additional income from 5,100 member fees.
- Our per-member cost from our MLS vendor would also decrease. Again, though our total cost would increase, it would be more than offset by the additional member fees.

Think of all the waste in your own market. How many MLSs in your state purchase tax data? Do you think you could get a better rate if you were making *one* combined purchase of *all* the data, rather than 25 smaller buys? How about MLS vendors? How many different vendors are there, and do you think your MLS could get a better rate if you were

negotiating with, say, 15,000 members behind you rather than 1,500? Think of all the money that could be saved by eliminating the duplicated MLS buildings, staffs, contracts, vendors, services, etc.

Economies of Scale

One of the most obvious and immediately appreciable benefits of consolidation is savings from improved economies of scale. In fact, next to consolidating all listing data into one common database, the efficiencies reached through increased scale is one of the most important benefits of consolidation.

Many MLS vendor contracts reflect savings from their own economies of scale by structuring contracts that reward increases in membership with decreases in per member costs. Whereas smaller MLSs may not be able to negotiate scaling into their contract, it's a simple fact of life that vendors will be more likely to meet the demands of a larger entity. Not only does consolidation benefit the bottom line through economies of scale, it provides greater bargaining power when negotiating with vendors. Vendors benefit from being able to support one large MLS system instead of many smaller ones, so if you have plans to consolidate, meet with your potential vendors to investigate structuring scaling costs into your contract. It will help you to have an idea of what kind of savings can be expected and will give you a hard number to work with in the inevitable arguments against consolidation that will arise.

Cost to Brokers

Aside from the obvious direct cost to brokers of having to join more than one MLS system, a considerable number of indirect costs affect brokerages operating in non-consolidated MLS territories. In any state with multiple MLS territories, fragmented markets between MLSs cause operating costs to large brokerages and their agents to be higher than brokerages operating within a single MLS territory. Having higher expenses just to access MLS listings means brokers have less money to spend on the brokerage, which in turn, means border area brokerages are at a competitive disadvantage to companies only paying for one MLS. Costs include:

1. Multiple MLS fees
2. Multiple IDX Feeds – multiple feeds require technology expertise to combine for the broker's website. This is a cost in both dollars and time.

3. Duplicated Training – members of multiple MLSs must be trained to use both systems, and brokers often have to provide additional training. This is a cost in both dollars and time.

4. Duplicated Listing Entry – multiple MLS systems require multiple entry of the same listing data. If this is handled by office staff it is a hard cost, if it is handled by agents, it is a cost in both dollars and time.

5. Multiple MLS Fines – brokers and agents have enough trouble trying to keep one MLS database updated. Trying to juggle more than one can result in mistakes and omissions that come back to the broker in the form of fines from the MLS. This is a cost in both dollars and time.

6. Lockboxes/Keys – in areas where MLSs handle the lockboxes and keys, but do not permit co-op of the keys, agents will pay to have two keys and multiple lockboxes. This is a cost in both dollars and time.

7. Multiple Sets of Rules – Different rules for different MLSs may require considerable extra effort and programming to ensure compliance. This is a cost in both dollars and time.

8. Different Forms/Contracts – Some brokers use their own contracts, but many use those available from the MLS, the local Association, or the State Association. The difference in forms prevents some brokers from using transaction management software and adds unnecessary complexity to what would be a straight-forward transaction under a statewide MLS. This is a cost of time.

9. Different Fees/Billing Cycles – It's hard enough to ensure that agents stay current during billing time for <u>one</u> MLS, never mind two or more. This is a cost in both dollars (for late fees) and time.

It could very well be argued if the leadership of an MLS resists or actively prevents consolidation of their marketplace, they are using their position on the MLS Board of Directors to put their competitors at a disadvantage – not something the government looks favorably upon.

Set a Cost for Service. Stick To It.

Financial gain from either reduced costs or improved products/services is the most immediate and tangible of the benefits enjoyed as a result of consolidation. However, as described above, brokers who have never had to contend with border area issues may not have the same experience with the costs of operating in a fractured MLS environment. Accordingly, some education may be required when trying to set a fee for service.

I do not subscribe in any way to the idea that more services should equal higher fees for service. The purpose of a statewide MLS should be to maximize the advantage of greater size and improved economies of scale to lower the cost of service to the membership – either directly through lower membership fees or indirectly through improved products/services at no additional cost. If you have developed a lean, efficient corporate model, the Statewide MLS should be able to meet the service expectations of the membership, and improve upon the benefits offered – without raising your fee for service. If you find the MLS unable to financially meet that goal, go back to the budget and look for the fat. Is your staff to member ratio less efficient than 1:1,000? Why? Is it necessary for the corporate office to have a swanky address? Do you need multiple tech staff, or can you automate better and pay a smaller number of outstanding employees more than the market rate? Has your tech staff duplicated products that your MLS vendor already offers? Is your customer service staff busy only a portion of the time? Is the staff cross-trained to cover departments in an absence? Can your Service Centers be consolidated?

Because most members have nothing to compare it to, they judge the MLS primarily by cost, secondarily by service. The purpose of MLS consolidation is to serve the members, so your fee for service had better reflect that. Build a lean, efficient model and you will be able to add member services and benefits as needed, without having to charge more for them.

Fiscal Policy/Management

As for-profit corporations, MLS are not obligated to conduct themselves with the same degree of transparency as not-for-profit 501(c)(3) or 501(c)(6) corporations. However, to help quell widespread mistrust and rumored intentions during a consolidation effort, I highly recommend complete transparency. Post Board of Directors agendas and minutes, the business plan for the consolidation (including financials), timelines, progress of

committees/task forces, and anything else that could possibly be of interest to the membership in the changeover on your website.

Moving past the initial transition into the statewide, continue with putting Board minutes online, provide the annual budget, provide the list of Board members with contact information, and provide, at a minimum, an annual report to the membership that includes the year-end financials, the next year's budget, market statistics, and the CEO's analysis of corporate performance over the year. In addition, be ready, willing, and able to provide your complete financial statements to any member who asks. Every Participant of an MLS has the right to know the financial state of the corporation.

For many corporations the tendency can be to conceal budgets, strategic plans, etc., but that's a terrible mistake when dealing with volunteer run organizations the size of a statewide MLS. Consolidation has enemies who will actively seek to 'pile on' to any failure, so don't give them ammunition. As an example, during our initial transition period I had several instances where a member alleged concealment or lack of information during a large member meeting. That would have been completely damaging to our credibility if it were true, but nothing gave the new statewide more credibility then being able to answer the question by calling up the documents/answers in question, live, on the public website.

Annual Audit

Every MLS should have an annual audit, regardless of size. While I consider it risky for *any* for-profit corporation to skip annual audits, when it comes to something the size of a statewide MLS, anything short of annual audits is inexcusable. A necessary part of ensuring quality MLS service to the membership, though expensive, audits protect the MLS, the Board of Directors, the CEO, the CFO, and the members in ways that compilations and reviews cannot. Boards of Directors sometimes look at an annual audit as an unnecessary expense, but as the Chief Executive Officer of the corporation, it is imperative that you make annual audits a non-negotiable part of your tenure. Put it in your contract. At worst, it's a necessary expense; at best, an audit can save you and your corporation from fraud, accounting mistakes, and tax errors.

Investments

One of the ways in which MLSs do not operate like free market corporations is that, while they provide a service, the industry enjoys a reasonably stable client base. Even now, in one of the worst real estate markets since the Great Depression, membership losses never exceeded 6% per year at CTMLS. With such low risk to the company, there is no reason why the MLS should be putting money into risk taking investments. The purpose of most MLSs, after all, isn't to make money, it is to provide a service. Unless investments are on a very large scale (which assumes a very large war chest of member dollars), the amount of money gained through the success of stocks, or other risky investments, can't generate enough to actually benefit the membership through the offset of fees, or new products. Yet, because stocks *are* risky, losses can and will be taken, but to what purpose? The benefits from risk investments do not outweigh the risk to the balance.

As a low risk corporation, unless the MLS needs to invest truly monumental sums of money (which would be the case for even the operating accounts for large statewide MLSs in CA, FL, TX, etc.), they should carry no more than six months of operating revenue as a reserve (unless specially designated for a specific purpose, building fund, etc.) and the money should be protected in FDIC accounts that earn interest. I fully realize the headache of finding enough FDIC insured accounts to account for large sums of money, but the Certificate of Deposit Account Registry Service (CDARS) bank program facilitates large sum investments in FDIC insured accounts to the extent that make investment via one source reasonable and protected. No money will ever be lost to vagaries of the market and the amount of income can be reliably budgeted. It's not sexy, and it doesn't give Board members or CEOs the chance to show their investing skills, but it's responsible. Remember, Presidents change every year; this year's President inherited last year's investment wisdom. When the investments tank and lose value there is no culpability for the President and the Board and the CEO gets left holding the bag.

Billing

There's a trade off on size when it comes to billing. While some members might prefer monthly billing, on a large scale the only way to do it is by holding credit cards on file for automatic debiting. Unless you have rock solid safe guards in place for online (and in-office) financial practices, or use a third party vendor like PayPal to accept payments, I would strongly advise against keeping credit cards on file.

Whether you choose to bill on an annual, semi-annual, or more frequent basis, consider carefully when the payments are due so as not to conflict with holidays, year end, or your local/state Association's billing dates. In addition, be sure your service centers are aware of your billing schedule, provide a pro-rated schedule of fees when for when a member joins mid-cycle, and ensure that the service centers are perfectly aware of and understand your billing policies. Billing time is confusing enough for members without them getting different messages on grace periods, when the bill becomes the broker's responsibility, and what happens if the agent or broker don't pay. Many members still get confused about whether they are paying an MLS bill or Association dues because when the Association owned the MLS, they paid them all at the same time. Constant efforts and gentle corrections by staff members will go a long way to shortening the time frame on billing confusion.

Monopoly… Not So Much

The short answer is no, a statewide MLS is not a monopoly. In fact, the effects of ensuring the public can make the best decision possible, based on comprehensive, accurate listing data from their broker (rather than the incomplete, inaccurate data in many overlapping markets), is actually *pro*-competitive, not anti-competitive.

Consider the reality of the situation; many brokers and agents stuck between MLS territories feel compelled to join at least two. In *very* unfortunate situations where five MLSs exist in *one* county, some brokerages are compelled to join all five just to ensure their clients can see a true picture of the real estate market. A member of the public who asks a broker to see listings has a reasonable expectation that their real estate professional is, in fact, showing them *all* the listings in the area, which may not be the case. In practice, there are many markets around the country where the broker only shows listings in the MLS they belong to, which may *not* constitute a true picture of the real estate market. Without any knowledge to the contrary, the consumer may then make the largest financial decision of their life using incomplete information supplied to them by a broker or agent (or REALTOR® professional) who claim expertise in the marketplace.

We know what it means to be a REALTOR® because NAR has codified core principles into the Code of Ethics. Article 11 of the Code of Ethics, under the prominently labeled "Duties to the Public", states:

> *The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically residential real estate brokerage, real property management, commercial and industrial real estate brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.*

Article 12 follows with:

> *REALTORS® shall be careful at all times to present a true picture in their advertising and representations to the public. REALTORS® shall also ensure that their professional status (e.g., broker, appraiser, property manager, etc.) or status as REALTORS® is clearly identifiable in any such advertising.*

So, here's a scenario: Let's say, client A goes to you, REALTOR® B, and asks to see the homes for sale in several towns near you. The only problem is, the several towns the client wants to see fall between the territories of five different MLSs. You have a choice; join all five MLSs, service the client as best you can, then refer them to someone who can help them in the territory you don't have MLS data for, or tell them up front that you have access to only *some* of the listings, but you're sure that will be enough for them. Bad choices, all.

Therefore, is it professional (or even ethical) to allow the public to make important financial decisions based on incomplete or inaccurate listing data? Is it better or worse for the consumer to have a broker using a statewide MLS, with all the listing data, or to rely on luck that their dream property will be in the one MLS the broker belongs to? Even if you don't feel it in your market, with 20 MLSs per state, it's happening in your state, too. Your license has a state on it, not a town, or city, does it not?

The Manual

Structure

Like any building, it is a sound structure of a corporation that will determine how long it can stand. MLSs are no different; when you begin to build on a statewide (or larger) scale, your structure had better be sound, or you risk damage to the whole. The MLS must be able to provide:

A. High quality, accurate, and timely MLS data;

B. High quality, accessible training on the MLS and ancillary systems;

C. Service for member's technical and membership issues in a timely manner; and

D. Accessibility to members

When operating on a local scale, an MLS can provide many of these services simply by virtue of close geographic proximity to its membership. On a statewide level, the only way to provide all of these services is through a service center/satellite office structure.

The Connecticut Statewide MLS came about as a result of six Association owned MLSs giving up their ownership, control, and income, to create one statewide MLS for the greater good of the REALTOR® community. Rather than creating an entirely new structure of satellite service centers, it was clear that the CTMLS could benefit from making use of the existing network of Associations – many of which already had familiarity with an MLS. Our joint REALTOR® members were already familiar with the Association staff and locations, and it was important to the founders of the MLS that our Associations continue to be able to provide the same level of service as they had under the prior model.

Seed Money

Money isn't usually a problem for MLSs, but getting them to use some of it to seed the creation of a statewide system may prove more problematic. Ironically, since the money in MLS savings accounts is actually excess member dollars funding a statewide MLS is the perfect selection for its use, but MLS leadership may not see it that way. Depending on the willingness of local MLSs to use their member's dollars to actually benefit the membership, rather than the corporation, another option is to ask the brokers themselves to voluntarily donate towards the founding of a statewide MLS. While it might be

surprising that such an effort could succeed, enough Connecticut brokers voluntarily donated $500 a piece that the newly founded statewide corporation had enough money to begin initial operations. After launch of the statewide on February 1, 2007 every broker who had donated received a refund check.

System Design & Operations

I have watched normally reasonable people absolutely lose their cool when asked to consider a new MLS system. Whether resistance to change is an unavoidable psychological trigger, or simply the curse of our industry, when it comes to changing MLS systems it can seem positively biblical. Gnashing of teeth, rending of garments, the whole bit, but the simple truth is that the top MLSs are far more similar than they are different. They all provide substantially the same features and capabilities, but it always seems to come down to people resisting changing from what they know. Proved time and time again, the unfortunate maxim that a member could be using the worst MLS in the world, but if it's the one they know they think it's the best, remains the bane of every AE's existence.

When considering consolidation, the question is not necessarily which MLS system is better, has more features, or even which one costs less (though cost may be a critical factor). Since, frankly, there's always going to be another MLS with cooler 'bells and whistles', the more appropriate considerations are which MLS is already *known* to the majority of MLS subscribers, and which MLS is better *suited* to provide MLS services on a statewide scale. In any conversion, the primary goal should be to keep member disruption to a minimum. Choosing an MLS system that the majority of members are already familiar with ensures fewer difficulties with system training (which lowers your costs and shortens your timeframe to cutover), minimizes unforeseen headaches, and, when compared to transitioning *everyone* to a new system, lowers your risks of catastrophic failure considerably.

Before any transition to a new MLS, serious planning and advance preparation are needed to minimize larger problems to the greatest extent possible. Generally, vendors will either not permit early withdrawal from a contract, or will assess significant penalties for it. Preliminary planning by consolidation partners to bring vendor contracts to the same termination dates will aid greatly in your ability to move into a new system without massive penalties, fines, and confusion from the vendors.

Follow these steps to assist your planning:

1. **The MLS Selection Team:** With input from your Board members, convene an MLS selection team geographically selected to give the best coverage of the state, with small, medium, and large brokers, plus agent and AE representatives. Your team should be the smartest people you've got because they have the hardest job. No matter what their decision may be, someone is going to hate them for it, so having thick skin and a ready mind will help. Having more than five to six people would probably be more harmful than helpful because of additional personalities, agendas, etc., so keep it small and focused. This may not be practical in the case where multiple MLSs are trying to consolidate because each should have a seat on the MLS Selection Team. If you provided for Board input on selection of the members of the MLS Selection Team, their 'buy in' on the final decision should be greater. Remember, if you trusted them enough to put them on the committee, trust that they're not selling you down the river - even if they choose an MLS system other than yours.

2. **Negotiating Team:** Convene a negotiating team to work directly with the vendor. Choose people who will get the most out of the vendor without alienating them. You will get more by being nice but firm. Your MLS Executive and/or MLS staff understand technical aspects and vendor relationships that volunteer staff do not. Trust me, even if someone worked at IBM for 20 years and built the very first laptop with their bare hands, they don't know MLSs as well as staff should. Not all MLS CEO's or staff are tech savvy, however, so be sure at least one tech savvy MLS exec is in on this team.

    Try and limit the members of the Negotiating Team to around three to four people, ideally ones who had participated on the vendor selection committee and who are familiar with the MLS system and the sales team from the vendor. By doing this, you will help ensure continuity of promises/discussions made by the vendor in the vendor selection process that sometimes do not make their way into the finished MLS product.

    NOTE: Establish a good working relationship with a specific key employee of your vendor. This should be someone who is physically working on your project, not the salesperson. Make sure they will be available to you throughout the conversion process, but don't abuse the privilege.

3. **Design Team:** Convene a joint committee, including a representative of the vendor, to determine field names and properties (i.e., is it required, table driven, free form, numeric value, how many characters, how many selections, etc.). A word to the wise: it just doesn't matter if it's "water front" or "ocean front", so don't waste time arguing about it.

4. **Time Frames:** Ask the vendor for a time line of all activities necessary to the conversion from the other system(s) into theirs. Obligate the vendor to include major target dates in the contract and ensure that there are penalties for missing them. Schedule weekly conference calls to discuss benchmarks, issues, concerns, etc. Constant attention to the time frame will allow all parties to be aware of slippage and/or potential obstacles.

5. **Parallel Operations:** Plan to run both the old MLS system and the new joint systems in parallel for at least thirty (30) days. Sixty (60) would be ideal, ninety (90) is on the high end. Be aware that running parallel systems for longer than 90 days does *not* ensure a smoother transition. What it does, is allow members to postpone moving to the new platform and robs you of the much needed urgency required for the call to action to get members to move to the new system.

   The main reasons for running parallel systems are to extend your member training timeline and to allow testing of the new MLS under real life working conditions. Parallel operation restricts listing entry, changes, etc., to the old system, which then feeds updated information to the new system on a regular basis. Design changes to the new system as a result of testing are an inevitable and a very important part of the conversion process because design stages will never pick up everything. It would be very rare for *all* important design features to have been included in the design phase, so do not fret when changes still need to be made during the parallel period.

   Best case scenario: Plan for 20%-30% of the transitioning members to have never used or even looked at the new system by the time you cutover to the new system. This is a big reason why the ideal choice for the MLS system is the one that the majority of members already use.

   You can be assured that the moment you finally transition from parallel systems to one system, any members that didn't take advantage of training opportunities and parallel operations will be on the phone to you, demanding to be told why they were

never informed of the MLS transition. In Connecticut, more than a year after we had transitioned to the Statewide, we received occasional calls from members questioning why no one ever told them about the change. You will also get threats of all kinds, including getting NAR to revoke your status, the attorney general to investigate your business practices, and a variety of colorful lawsuits. Be prepared. If you've followed your outline, done your homework, checked your decision against legal, kept the membership informed all along the way, and most importantly, created additional benefits at reduced costs for your members, you have nothing to worry about.

6. **Training:** Plan to offer training sessions during parallel systems operations. Training during parallel operations gives the members the opportunity to test-drive the new system. This is basic sales; create urgency, then give them the call to action. Provide both online training and large seminars, where possible. To accommodate members in all regions, ensure large seminars are distributed geographically across the state (or at least according to population centers). Work with your vendor to provide trainers as part of your contract to conduct training seminars, train the trainer sessions, and special MLS staff training for administrative functionality. Provide food and they will come. Be prepared with reasoned, non-judgmental arguments to address those members who are sure that the transition to a new MLS system is one of the signs of the end of the world.

7. **Rules & Regulations:** Convene a joint committee to create a common set of Rules & Regulations. If the parties have been keeping their MLS Rules & Regs in compliance with NAR mandates, they won't be far apart. Don't waste time arguing whose business rules are better. When in doubt, err on the side of improving member access to data, rather than restricting it. After all, that's the point of consolidating MLSs.

There will never a perfect time to do an MLS conversion, but try and schedule any conversion for off-season. There will *always* be problems in a conversion. Again, there will ALWAYS be problems in an MLS conversion. Prepare the Board of Directors and membership for conversion bumps by keeping them informed of the process, letting them know what period of time is the "testing" phase, having your best and brightest beat the system up during the beta period, and ensure that everyone knows who and where to call if there are problems. A huge convenience in any changeover is having "report a problem" buttons on every page in the system. Doing so allows members to report the problem

without calling you and, if programmed correctly, will help the vendor identify the actual problem without having to rely on step-by-step recall of an already frazzled user.

Some of the biggest problems in a conversion can crop up not so much from actual issues, but from members being unpleasantly surprised by something. There's a lot going on and therefore a lot that can go wrong, so good planning will help keep problems small instead of large. Similarly, good follow-through with the vendors will help ensure nasty surprises are kept to a minimum. If you know in advance that conversion time frames are slipping, you can plan accordingly and keep the membership up to date. Don't leave it up to the vendor to inform you at the last minute about potential delays; ask probing questions at every step of the process. Under no circumstances should you launch an unready system just to hit a date. Members will forget if you launched late. They will *not* forget if you launch a bad product.

Service Center Model

Multiple Listing Service	
MLS uses Service Centers to provide services to the membership	MLS also reaches the membership directly through marketing and customer service

Service Centers	
The Service Center is the first point of contact for members	Service Centers for CTMLS are REALTOR® Associations

MLS Participants & Subscribers	
Select a Service Center, independent of REALTOR® Association membership.	Receives customer service from both the Association and the MLS

The CTMLS structure supports a central headquarters for staff, with twelve (12) Service Center locations around the state providing statewide reach. Our arrangement provides

for excellent efficiency, with CTMLS able to provide high quality services with just 10 employees to serve more than 11,000 members, and with Service Centers acting as our 'mini-hubs' throughout the state. The Associations were happy because they could continue to service their membership (and be sure that the new statewide MLS was at least as good as what they had been providing), and CTMLS was happy because we could provide high quality, statewide coverage for far less than it would have cost to set up satellite offices.

1. To ensure quality control, the MLS must provide high quality administrative training to Service Center staff. Under the Service Center model, they are the first point of contact for the member, so the Service Center staff needs to be prepared to accurately answer basic MLS/membership questions without having to bounce the member back to the MLS. Maintaining open, friendly lines of communication between statewide MLS and Service Center staff will be a critical part of building a strong working relationship.

2. Create and provide a Service Center Manual for the staff of each service center.[4] When introducing the manual, be sure to engage the service center staff in an initial training program to familiarize them with statewide MLS rules, policies, and procedures. As there may occasionally be service center staff familiar with running an MLS, but who may not realize they don't know everything they need to about the statewide product, I recommend making annual training by the MLS of service center staff a mandatory part of your written agreement with the service centers.

CTMLS pays our Service Centers a set dollar amount, per member, per month, for their work on our behalf. It did not completely offset the loss of income by the Associations giving up their ownership of the MLS, but it provided an acceptable level of compensation for the services provided by the Service Centers and allows them to concentrate on their core Association issues. Our agreement with the Service centers is codified in a very straight forward Agreement that requires a certain level of performance by the Service Center in return for compensation.

Benefits

Considered by some to be ancillary services, the number and kind of benefits that an MLS offers beyond the core MLS service can make an extraordinary difference in the user

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[4] See Appendix B

experience of the member. Too often, brokers have had legitimate complaints that their MLS doesn't provide wireless MLS service, free IDX feeds, broker downloads, facilitate vendor access to data, or a number of other issues. Superior benefits form a bright line between progressive MLSs that proactively provide for their member's needs and MLSs more interested in preventing change, progress, and protecting MLS assets over the their member's needs.

Benefits beyond the core MLS service have a unique place in the role of the MLS because they provide powerful, persuasive arguments countering the contention by members that the MLS does nothing for them but take their money. With the pervasive use of technology by even the most non tech-savvy members, MLSs must recognize that certain technological tools should be considered "core services". For instance, if the core service of the MLS is to provide MLS service to the members, arguing that providing mobile access to the MLS is anything *but* a core service is specious, at best. So too, for IDX and full broker download feeds. Ultimately, there must be a minimum standard of what MLSs provide as core services, and we have moved far past the point where solely the provision of timely, accurate, MLS data is enough. Since cost is often a deciding factor in introducing new products and services, I am happy to share that consolidation to statewide levels renders greatly improved efficiencies and economies of scale that, in turn, allow for greatly improved products and services.

While not normally considered a core service, any consolidation effort will require training of both the membership and MLS Staff. Whether on new services, benefits, service center locations, or a new MLS system, members will need quality training in convenient locations with multiple choices of dates. The initial training of the membership should be in concert with the MLS vendor and should be part of your negotiations with them. Unless made impractical by no convenient concentrations of members, you should consider a mix of mass training sessions, training scheduled at local service centers, and online training. Moving past the initial consolidation period, the MLS will need to continue to provide high quality training on a statewide basis.

Minimum Core Services

At a minimum, statewide MLSs should provide as core services:
- ✓ 7 Day Tech Support - *The MLS is the lifeline of our member's business. A statewide MLS must have 7 day tech support.*

- ✓ <u>Online & In Office Training</u>- *For most states, the best way to provide training on a statewide basis will be online, but for those that can, in office training should be offered as well.*
- ✓ <u>Data Checking Software</u> - *If the heart of the MLS is listing data and the quality of listing data is vital to the member's ability to conduct business, then it stands to reason that providing quality listings data should be considered a core service.*
- ✓ <u>Statewide Tax Data</u> - *Almost as critical to the agent as the MLS data, it's a must. Often prohibitively expensive for smaller MLSs, economies of scale will allow statewide systems to purchase tax data for the entire state.*
- ✓ <u>Lockbox/Key System</u> - *Unless offered through the individual Associations, the MLS will want to provide a single, statewide solution for lockboxes and keys.*
- ✓ <u>Statistics</u> - *Whether done by hand or through a vendor solution, members should have the ability to access statistics and graphs in an easy to use format.*
- ✓ <u>Wireless Access</u> – *mobile device allowing access to the live MLS database*
- ✓ <u>Public Website</u> - *Even if a broker has the #1 real estate website in their market with, say, 100,000 visitors a day,* **by definition, every visitor over 100,000 goes to their competitor.** *An MLS public website gives that broker a second chance at that buyer. To make the argument that brokers can somehow control where the public searches for real estate betrays a fundamental misunderstanding of how the Internet works. No one controls access to the web through a single portal, not even Google. MLS public website benefit all members equally – it does not level the playing field. It might give a sole practitioner office exposure on the web they would not have otherwise had, but it also gives large brokers proportionally larger exposure because of their number of listings.*
- ✓ <u>RETS Manager</u> - *RETS data feeds are already required, but the manager is the administrative tool to ensure the data is being properly distributed to vendors.*
- ✓ <u>Listing Syndication</u> - *Unbelievably, there are still brokers who argue against listing syndication, period, never mind as a core service of the MLS. That ship sailed a long time ago and there is no real valid debate any longer as to the benefits of syndication and any MLS not providing listing syndication does a deep disservice to their members. Syndication through the MLS is easier, better (because it helps eliminate duplicates and provides better quality data to the end user), and cheaper (usually free).*
- ✓ <u>Electronic Communication System</u> - *The ability to reach a large number of members via email or other electronic means.*

✓ <u>Free IDX Feeds</u> - *Most vendors provide a very simple, quick solution to set up an IDX feed, so charging for it is a disservice to the membership.*

✓ <u>Free Broker Download</u> - *Enables brokers to download the entire database for stats or internal office use. It can also be used to meet vendor requests.*

✓ <u>Vendor Facilitation</u> - *Most brokerages don't have the staff to do in-house management of technology assets. Being able to offer certain products and services helps brokers differentiate themselves from their competition and perform more competitively in the marketplace. Making a necessary part of the business easier for your brokers will be a boon to your relationship with them.*

✓ <u>Data Security</u> - *Until recently, there have not been plausible economic solutions enabling potent data security on the MLS system. While I am not convinced that the systems currently available are as economical as they could be, they have improved their effectiveness considerably. Since data is at the heart of the MLS, strong protection of data from illicit use will become a core service in the very near future.*

✓ <u>Corporate Website</u> - *A member resource for all required forms, public documents (Bylaws, Rules & Regs, etc.), and other material necessary to the MLS/member relationship.*

✓ <u>Online Bill Pay</u> – *Provides members with the ability to pay via credit card online, at their convenience.*

✓ <u>Media library</u> - (additional photos, 3D floor plans, virtual tour packages)

<u>NOTE:</u> The above analysis of MLS public websites assumes that:

a: All leads go back to the broker or listing agent, not the MLS

b: The MLS does not resell leads

c: The MLS website does not permit paid placement of listings

d: Brokers have the right to opt out of sending listings to the public website

e: No advertising is permitted on the website (the reasoning here is that the amount of income to be gained by advertising in the CT market did not outweigh our preference to keep the site as consumer friendly as possible. Had we been the state of NY or CA, our decision may well have been different).

Additional Benefits:

In addition to the core services above, the MLS may want to consider additional benefits:

- Online showing/appointment management system (directly integrated into the MLS)
- Document management
- Transaction management
- Online forms
- Reciprocal agreements with neighboring MLSs
- Social networking site/forum for members
- In depth demographic information

A strong argument can be made that the MLS needs to be careful not to step on the toes of its own brokers by introducing products that brokers might wish to introduce for their own company as a competitive advantage. Still, if the MLS introduces a product or service at no additional cost, a broker would be hard pressed to complain; after all, every dime the broker saves by the MLS purchasing something for them is money they can spend elsewhere.

Technology & Operations

The beating heart of the MLS, technology and operations go hand-in-hand in our ongoing quest to provide the best products and services money, skill, and wisdom can provide. More noticeable in the last few years, an ever widening capability gap between what products and services MLSs offer their members have begun to create a separation in our industry into "haves" and "have nots".   The ability to capitalize on technology and its many benefits has become the deciding factor between successful or failing MLSs. Simply put, larger MLSs have more resources with which to capitalize on new technologies.

As discussed under the "Benefits" section above, there should be a minimum standard of service that MLSs provide to their members. Most Participation Agreements between brokers and the MLS, however, are an entirely one-sided affair with the MLS holding all the rights and all the power. In exchange for providing to the MLS all their listing data, the MLS is obligated to provide… what? I am not aware of *any* MLS Participation or Subscriber application/agreement that obligates the MLS to provide a certain level, type, or quality of service.   In 2009 the Board of REALTORS® of the Connecticut Multiple Listing Service, Inc., published *The MLS Bill of Rights*[5] to give Participants of our Service a codified list of minimum services the MLS is obligated to provide.

Citing our backward ways and inability to adapt to a changing market, industry prognosticators have predicted the downfall of the MLS industry for years. In part, they are correct, but only in that much of our industry is dysfunctional, increasingly isolated by our refusal to share data and standardize. Make no mistake; the recent introduction of the RPR, realtor.com/Find, and First American's Data Co-Op and revenue share, show recognition by non-MLS entities that technological advances can enable *them* to provide what we do not. Remember, brokers use the MLS because it's just always been that way – not because it *has* to be that way. MLSs are the source of listing data only because brokers choose to use us to compile it. If a model comes along that is better, cheaper, and faster for the broker, what possible reason would there be for a broker to continue paying an under performing MLS for service?

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[5] See Appendix C

MLSs have been using technology to avoid the problems of our industry, not resolve them. We've constructed enormous, expensive, incredibly elaborate work arounds to the lack of listing data and called it "data sharing." We've asked our industry vendors to find ways to mash together incompatible listing data, simply to avoid releasing control. Make no mistake, by continuing to operate under the false protection of isolationism, we will have ceded control of the *distribution* of our listing data to those companies rich and able enough to build the programming capable of compiling our disparate data. Once that's gone, what next? How about the *compilation* of listing data? Control is a function of power, which in turn comes from size. Consolidation is our best chance to regain power over distribution of our data and the *only* chance to retain control of listing compilation.

MLS Selection – Vendor or DIY?

A healthy debate continues over which is better: A vendor built or home built system. Everyone has their preferences, of course, but having had experience with converting from a vendor provided to a home built system and all the intricacies, costs, time, and politics involved with building it, to my mind the vendor built is the clear winner. My argument rests on the question of which can provide a better product. With all its many duties, obligations, and services, to ask an MLS to also design, build, and maintain an MLS product that can compete successfully with products from companies whose only goal is to turn out modern, highly functional MLS systems, asks a great deal. That isn't to say that it can't be done, because there are successful models out there, including Metropolitan Regional Information Systems (MRIS) in Maryland and MLS Property Information Network (MLS PIN) in Massachusetts, but I am not convinced that they couldn't have an equally good MLS product, with greater efficiencies, from a vendor built system. Below, I have compiled a list of the pros and cons for both home built and vendor built systems. I cannot claim with absolute authority that the vendor built system is better because at its heart, the question of what is more important, control or cost, comes down to opinion.

Home Built

Pros:
- System can be custom built to suit. The only barrier to improved products/services is time and money.
- The argument is that a home built system can be more nimble and make changes more quickly than a vendor system. This may be true, but it depends heavily on an

effective governance structure and availability of tech staff to keep the system running while juggling upgrades as well. In my experience, the opposite was true because the politics involved with getting anything changed created deadlock. In addition, the tech staff were limited in their knowledge, skill, and time, creating a considerable backlog of upgrades.

- Changes to the MLS can be made without incurring a cost from a vendor.
- System functionality may be exported to other MLSs as a source of revenue. This was a stated purpose of the homebuilt system I was involved with, but our efforts met with abject failure.
- The argument is that a home built system is less expensive than a vendor provided one. In my experience, the opposite was true, but may have been a result of our limited scale.
- Improved oversight of the MLS systems and engineering.
- Improved decision making for future MLS improvements.
- There is a very limited chance of having to put your members through an MLS conversion.
- You build it, you own it.

Cons:
- Cost of staff and overhead is greater than that to support a vendor built system.
- You build it, you own it. In my experience, so much time, money, effort, and ego get invested that even after it becomes clear that a vendor can provide the same, or better, service at lesser expense, so much has been invested into the system that leadership cannot bring themselves to make a change.
- In practice, the home built system was more expensive than vendor alternatives, but the trade off was ownership, which was seen by leadership as more important than efficiencies.
- Staffing costs will never go down. New projects or services usually required additional staff or outside vendors to build and maintain – at considerable expense.
- Home built systems rely heavily on the capabilities of the tech staff. All too often, I have witnessed tech staff bully leadership into (or out of) a decision using deliberate misinformation, partial truths, or just plain lack of expertise in the subject. Unless the CEO and the leadership have a solid understanding of what is, and is not, possible with technology, home built MLSs leave themselves open to having decision making made by tech staff, not the leadership.

- In practice, the home built MLS can only be as flexible and nimble as tech staff availability to address new programming requests.
- Secure, redundant back-up facilities are necessary, and can be very, very expensive – especially when your tech staff wants to build one from scratch instead of using existing facilities.
- System maturity vs. a proven, tested product

Vendor Built

Pros:

- A vendor built MLS solution is generally less expensive than a homebuilt – even with an upfront fee and per member fees charged by the vendor. At statewide MLS sizes, they gain considerably greater bargaining power that, with competition among vendors, helps keep costs down.
- A vendor built MLS is more likely to be compatible and familiar to other vendor products/programmers.
- Technological advancement is expensive, time consuming, and requires expertise. Since their only job is to build a competitive system, vendors are more likely to provide an MLS with ancillary systems that make use of new technologies.
- Whether for a tax product, CMA module, or a host of other options, when you're one of the largest clients, you can negotiate many benefits into vendor contracts.
- The tech staff isn't your headache or your expense.
- You're not paying for the building, overhead, on-site hardware, or huge internet access to run an MLS.
- The best vendors provide remote data backup at secure facilities off-site from their main office and maintain 99.9% or better uptime on service.

Cons:

- Vendors do not often move quickly on issues that are non-urgent. Their programmers are working on other projects for other clients, so your request hits the queue like everyone else's.
- Communication can be problem if you don't have a designated person to connect with – or if you do, but they're on vacation.
- Upgrades are often done in batches. The ideal is that they come off flawlessly, but the reality is that there can be occasional, and occasionally significant problems.

- Renegotiating the contract can be a real bear, viewed by most people as a con. Look at it as an opportunity – at least you have choices.

Member Management System

Many MLSs use an *ad hoc* combination of systems to manage their membership, billing, etc. Whether it be a combination of Excel, QuickBooks, or some other match, the MLS industry is in the peculiar position of not having much of a choice when it comes to member management systems. Basically there are two large players with MarketLinx and Rapattoni, and even though neither system is perfect, when it comes to a Statewide MLS, you have to have a valid member management system with at least an ecommerce module for online bill pay. Trying to do paper billing is far too time consuming and kills too many trees. Save the planet (and your bookkeeper's sanity) by automating billing as much as possible and keeping the number of billings to a manageable level.

The system you choose will be a very important piece of the statewide puzzle because a bad system can cost you major time and money, not to mention cause constant frustration. The last thing you need for a new statewide MLS is billing problems, errors in the membership database, mismatched records, etc. Do your homework and ask around as to who has what and how well it works for them. Have your technical staff talk to other technical staff about the membership management product and, above all else, make sure your membership management system has had previous installs with your MLS vendor. Check with your MLS vendor to see how the install went.

AEs – don't fall for gimmicks and be sure to demo a live system with its scheduling, education module, billing, etc. In my experience, it is often ancillary bells and whistles that wind up selling the product, but in practice they turn out to be highly labor intensive and impractical to use.

Presidents – the member management system is the one area where you and the rest of the leadership should leave the decision making entirely up to the AE. You cannot possibly understand in any real way the day-to-day use of the system by staff and it is staff that is going to have to live with the system.

Data Checking Software

At the heart of every MLS lies listing data. On a day-to-day basis, nothing has a greater effect on the member's business, positive or negative, than the *quality* of the listing data. MLSs that cannot provide timely, accurate, comprehensive (i.e., statewide or greater), listing data undermine the ability of their members to conduct business. Similarly, with the propagation of listings to the public via IDX feeds to websites and other means, data errors in the MLS are now made exponentially worse.

While smaller MLSs may be able to provide adequate data quality through hands-on enforcement, staff listing entry or self-policing on a larger scale becomes impractical and inefficient. By virtue of its large size, a statewide MLS has correspondingly larger problems ensuring accuracy in listing data that can be best resolved only through the use of technology. Several companies provide products that allow the MLS to run listing data through data checking "filters" programmed to catch errors, incomplete listings, language, and more. Some of the more sophisticated products can also assist MLS compliance staff with tracking alerts, fines, etc. Some vendors now provide at least rudimentary data checking ability either as a part of their MLS or as an ancillary product, so be sure to compare them to the competition.

Initially, implementation of data checking software will add to the compliance staff workload because it will catch a huge backload of errors that need to be fixed. Once worked through, good data checking products help staff manage even a large number of listings by automating significant portions of the error tracking and alerts. As a gauge to measure against, CTMLS successfully uses data checking software and employs one very competent compliance assistant to police 11,000+ members with 30,000+ listings.

Training

A statewide MLS should employ at least one full time trainer. While the size of some states makes it impractical to do regular training sessions in person, online training should play a large (and expanding) role in any plan to provide member training. To give an idea of capability; in 2009, before CTMLS began offering online training, we had 2 full time trainers who provided 495 training sessions for 8,545 brokers and agents in the course of one year (as a total, equal to 73% of the membership). Training sessions were mixed between in-office visits and regularly scheduled sessions at our Service Centers and

required regular travel throughout the state. Generally speaking, we split the state between the two trainers so all training sessions were reachable by car in two hours or less.

The decision to move Service Center training online was prompted by several issues, the most important of which, that even in a small state like Connecticut, constant travel is expensive, time consuming, and inefficient. Also, despite a minimum requirement of five students in order to schedule a training session, many of the regularly scheduled classes at Service Centers suffered from last minute cancellations that reduced their number below our minimum. Meanwhile, our trainer had already made the trip.

What became increasingly clear was that training sessions offered directly at the brokerage office were both better attended and provided an atmosphere more conducive to learning. By limiting wasted time and effort on some of the regularly scheduled sessions that weren't well attended, we could provide more of the in-office training requested by our members. Accordingly, we researched a variety of online training options and eventually settled on GoToMeeting as the easiest means of facilitating online training. Offering our Service Center training exclusively online allowed an expansion of one of the job descriptions from solely training to a Marketing Director who has been cross trained to provide online training.

Training should not be left to the Service Centers or satellite offices to implement. To retain control over curriculum, standardization of services, and quality control, the MLS must retain central control of both training and trainers. Every MLS trainer represents the MLS directly in the member's mind. Every trainer should be trained by, and answerable to, the MLS for their performance, message, and quality.

Consider carefully what kind of mix and frequency of classes you offer to the membership. Try and break larger training segments down into at least basic and advanced. If possible, break Basic down into Basic I and Basic II, with Basic I being mandatory for taking Basic II, and so on. If you introduce new products or services, you will need to support them long-term through your training. One of the most frequent mistakes of MLSs and Associations is to offer members a fine list of products and services, but without training to support them, most members don't use them. Put user guides online with FAQs on the product, then include "20 second tips" on how to use great little niche items in your newsletter or marketing emails. It's a simple but clever way to get the members into a product without the overload of an entire training session.

Technical Pitfalls: Avoid Shiny Object Syndrome

As much as we would like to believe that it is, technology is not always the answer. There are some wonderful, intricate, mind blowing pieces of real estate technology out there that have absolutely no business in *your* business. The promise seems bright – better, faster, more efficient, but the truth can be simply that less is sometimes more.

Rule of thumb: Does it actually make your life easier? Not the finished product; does the *process* of using the new product actually make your life easier, simpler, faster, or more efficient. It's the Ferrari principle; sure it's gorgeous and it will get you there faster than almost anything else on the planet – but not if it's in the shop. Look long and hard at the hidden cost of staff time, data entry, costly upgrades, and nickel and diming for customization that may come with new products.

When choosing a MLS system, it's easy to get wrapped up in the cool things that vendors show you your MLS doesn't have. Believe it or not, I watched the leadership of one MLS remove themselves from a data sharing and joint ownership agreement with two neighboring MLSs – mostly because an MLS vendor convinced them they had cooler tools. They did, but that's not the point. There's *always* going to be an MLS that has cooler tools, graphics, or whatnot. It's about the data, not the tools. Provide your brokers and members with statewide MLS data, with all the benefits that come from a statewide system and *then* worry about cool tools.

Help Desk: Provide a Life Vest

Quality customer service and technical help desks often spell the difference between a good experience and a bad one for our members. After all, how many of us enjoy the customer service experience if we're made to wait a long time or if the customer service agent speaks unintelligibly? For many MLSs, finding the right mix of coverage/service vs. expense will be an ongoing effort, but with a reasonably stable customer base and product, MLSs have every opportunity to perform well.

Working under the service center model has the advantage of using well-trained individuals who are already known to the membership as the first tier of support. When a member has a question on how to join, the costs, basic MLS "how to" questions, etc., they can call their local Association Service Center to get answers. Though, initially, you will have some work getting Association staff trained on the system – especially if they have

never run an MLS before – the choice is still a good one. Any question outside their comfort zone can be passed along to the MLS directly.

Acting as second tier support, the MLS staff can always be called directly. Depending on the efficacy of your service centers (which will vary in capability), members will eventually make their own decision on who they will call first. It is extremely important to get service center staff trained up and ready for the initial launch because once members make a choice on who to call it is very, very difficult to change their behavior. Lack of support from the service center can lead directly to increased costs for additional support staff at the MLS. Ensure that the service center agreement includes specific performance measurements that will allow you to enforce performance in a meaningful way. The failure of one service center will be, in the minds of the members being failed, the failure of the MLS, not the service center.

Finally, a statewide MLS should provide seven day tech support, either by themselves or through the vendor. Work with your vendor to see if they can provide a tech support help desk and compare the costs to what they would be if you did it in-house. Remember, tech support happens to be one of those tough to gauge areas where finding the right number of staff people can be a real problem. The drawback of using vendor supplied tech support is that the support staff is very likely not trained on your specific MLS system. If your MLS is customized, as most are, questions about your specific MLS are unlikely to be successfully answered.

Security

In the near future, security of the MLS data will become an expected core service of MLSs. However, due to the paucity of effective security solutions and the expense of the solutions there are, strong system-wide security may remain out of reach for many MLSs. Perhaps the only downside to consolidation, the fact that larger MLSs are also larger targets has not been lost on those looking to benefit at your expense. At a minimum, statewide MLSs should implement "soft" security measures that include password changes and login count tracking (which tracks the number of logins by month. If a member's logins outpace your MLS administrator's, it's worth checking into why their login counts are so high), and proactive research by MLS and/or service center staff comparing office rosters in the system against office rosters posted on the company's website. While not unmanageable on a large scale, these efforts are time consuming and provide only limited security.

Like an ATM card, strong security combines something you have with something you know. As the technology evolves, we are beginning to see technological solutions being offered that surpass the inconvenient key fobs that were the bane of many an agent's existence. Essentially, the key fob acted like an ATM card providing the user with a unique device that, when combined with a unique password, permitted access to the MLS system. Aside from tremendous expense, the system proved to be beatable and required hardware (in addition to the lockbox key, cell phone, computer, and/or GPS) that agents had to carry around with them. New technological solutions use sophisticated software to track and categorize login and password entry by individual, 'profiling' users accessing the system. To a degree, the system can help determine if more than one person is using an MLS login and password and track what IP address the logins are occurring from, and from what region of the country.

The technology still needs to evolve a bit more before strong authentication becomes a mandatory part of what the MLS provides, but it's not far off.

Enforcement

MLSs have two choices when it comes to enforcement of the MLS rules and regulations; education or fear. First of all, disabuse yourself of the idea that anything can guarantee 100% accurate data. Secondly, disabuse yourself of the idea that fear (i.e., the threat of fines) is the only thing that can keep your data clean. The fact is that many of the mistakes made when entering MLS data are not a result of skullduggery or even laziness. Brokers and agents are busy people and they make mistakes. This is especially true when forced to make multiple listing inputs because of multiple MLS systems. If we start with the idea that the MLS is a member *service*, then punishing members for mistakes seems contrary to our mission.

Having had experience with results from both the strict enforcement method and the education method, there's no comparison. Both methods render similar results in terms of the quality of data, but the education method differs from the enforcement method in two distinct, and positive ways. First, instead of getting an instant robo-fine or nastygram, the education method brings the error to the member's attention and asks them to change it – politely. The result is that the member knows the MLS tracks the data for accuracy, but gives them the benefit of the doubt that it was a mistake and provides the opportunity for the agent to make the fix. Second, the education method treats members as what they

are; valued customers who voluntarily choose to subscribe to our service. Even though the reality is that members may feel they have no choice as to what MLS they belong to, there can be no excuse for treating them with a lack of respect. They are not children, and they are not stupid.

That being said, there will always be members who choose to flaunt the rules. Under the education method, they have a choice: Meet the standards required by the rules and regulations or be disciplined. Education does not relieve the MLS of the need to have enforcement spelled out in the rules and regulations; in fact it is a critical piece that helps prevent abuse of the system. Therefore, as long as you have the ability to levy fines or other penalties, it's best not to use it unless it's absolutely necessary. For instance, I believe that the only way a member should be fined is if they have either ignored a request to fix an error or repeatedly make the same error, despite education efforts by staff. Ultimately, if fining is a profit center for the MLS, you're doing something wrong. It's not your purpose, it doesn't improve the data, and it means your education efforts are lacking.

Staffing & Administration

An MLS will only be as good as the staff that manage it. You could have the best MLS product in the world, but if the staff isn't up to the task, the corporation will suffer for it. In a thousand ways every day, a good staff makes the difference between a good member experience and a bad one. In a thousand ways every day, a good staff deals with small problems so they don't become big ones. In a thousand ways every day, a good staff relies on good leadership from their CEO.

The Right Stuff – Choosing a CEO

A CEO can make or break your statewide efforts. From financial decisions, to staffing, to market wisdom and vision, leadership (or lack thereof) of a CEO can be the defining feature of success or failure. As with other pieces of the statewide MLS, everything – including mistakes – is larger, which makes the selection of the CEO a vital part of any effort to build a statewide MLS.

Do your homework. The CEO will be the face of the new statewide MLS, so be sure to check their history on consolidation/data sharing efforts. Are they on record as having supported them, or is their advice contingent upon their circumstances? Everyone's going to be in favor of a statewide MLS if they're the new CEO, but what was their stance when they ran a smaller MLS?

When considering a CEO for a statewide MLS, consider the following;
- Are they progressive thinkers?
- Do they have recent experience running an MLS?
- Are they doers or delegators? (This will be a crucial factor in whether the MLS runs efficiently or not.)
- What is their opinion on who owns the listing data?
- Do they have experience constructing a budget? (Or was it done for them by a CFO?)
- Would *you* work for the person you are interviewing? (They might be a great leader – but one nobody wants to follow.)

- Are there business or other ties in the state where they will be? (Choosing a CEO from within the state can lead to favoritism and conflict with someone they have to work with who didn't get the job, but should not be an automatic disqualification.)
- What is their reputation in the industry? (You can find out a lot about someone by asking around at NAR meetings. Specifically, talk to AEs.)
- Are they familiar with and comfortable with technology? (If they aren't using social networking they are probably equally unfamiliar with related technologies.)
- Have they had experience directing or working with tech staff and programmers? (Knowledge of what constitutes technological B.S. is an invaluable asset to the MLS.)
- Have they had experience with consolidation and were they the little MLS or the big MLS? It helps to know how consolidation feels from both sides.
- Does the person being interviewed understand their relationship to the Board of Directors and are they comfortable in accepting this role?

Applicants for the CEO job should be provided with the business plan and the financial statements well in advance. The committee members conducting the interview should make note of whether the applicant has examined the material in depth. The best applicants will have detailed, well supported questions, suggestions, or recommendations on the budget, business plan, etc.

MLS Staff

Next to the CEO, the most important position in the MLS is the Director of MLS Operations. This is the person who knows the MLS inside and out and ensures the MLS system runs smoothly while the CEO makes sure the MLS corporation runs smoothly. They are familiar with the system, its functionality, its backend, the vendor, and has serious contacts at the programming level with the vendor. When things go wrong with the system, this is the person who finds out what the problem is, who is in charge of fixing it, and how long it will take. This is also the person who knows who to call to cut through vendor 'fluff' and get a real answer. It would be impossible to overstate the benefits of a good working relationship between the CEO and the Director of MLS Operations.

Tech Staff

Once considered a luxury, having quality tech staff you can trust will save you time, money, and many, many headaches. Though more prevalent with the home built MLS systems, by virtue of their ability to render "can do" or "can't be done" judgments on projects, tech staff operating without knowledgeable supervision can wind up setting MLS policy. Having someone in a supervisory role who understands technological capabilities and uses technology on a regular basis will be able to separate "It can't be done" from "I don't know how to do it" in tech speak. Having tech staff that will honestly draw a distinction between the two is priceless.

The flip side of the same coin is the programmer who doesn't know how to do something, but says that they can. They may, in fact, be able to learn to do it, but it will cost you time and money for the learning curve. It's better to know that a six month project would actually be a three month project (if the programmer didn't have to spend three months learning how to do it) before you get started. Again, finding tech staff who are straightforward about their abilities, difficulties, costs, projects, etc., makes them a priceless asset to the corporation.

Administrative Staff

Astonishingly, most corporations pay the person with the highest degree of customer contact - the receptionist - the least. The receptionist is often the very first point of contact for new members, why on earth would anyone put their weakest link there? To address this issue, some companies have moved to entirely automated answering systems, which successfully manage to avoid having members get upset with a poor quality receptionist by having them instead get upset with a ridiculous, clunky, automated system that takes forever to navigate. I confess that I have never dealt with a customer base exceeding 15,000, so there may be a valid argument for cost savings or quality control with an automated system for larger MLSs, but it feels a bit like a technological solution to the wrong problem.

You cannot go far wrong by telling your administrative staff that their only job is to serve the members. Whether it be face-to-face or from a distance, every employee should keep in mind that every member is, technically, their bosses' boss. This is not to excuse bad behavior by members, which is every CEO's duty to protect staff from, but rather to act as

a constant reminder that the MLS is a service. As such, the MLS bears responsibility to meet the service needs of the membership in a competent, friendly, and professional manner. As the corporation grows in size, however, keeping tabs on customer service performance becomes ever more important for the CEO. On a regular basis, sit within hearing of the reception desk without letting them know you're listening to them. It can be an eye-opening experience. If you contract out customer service or tech help, call them. If you have to wait five minutes to get a surly voice, so do your members.

Cross-Training & Efficiency

To maximize efficiency, all staff members should be cross-trained on other jobs. For a member, hearing, "I'm sorry, there's no one in the office who can help you right now" doesn't exactly inspire confidence or loyalty, so have someone there who can answer the question. While cross-training is common in smaller MLSs, as the corporation grows it's easy to over-estimate the number of people necessary to provide high quality service. The secret isn't so much the number of people you can throw at a problem, it's the way in which a member's question or need gets handled.

At a higher level, a staff engaged with meaningful work will be happier than one with time to sit around. Find the happy median by closely observing staff workloads in the first year. The first six to nine months will be taken up just getting the kinks out, so don't go hiring extra staff in the beginning that you may wind up not actually needing. As a general rule of thumb, for a corporation with a vendor supplied MLS, a staff ration of 1:1,000 is a reasonable place to start. Currently, the Connecticut MLS has 10 staff members (including the CEO) that service 11,300 members. Having a dedicated receptionist replaced by administrative staff rotation at the reception desk (which was the choice of our staff, incidentally), turned out to improve both our efficiency levels and our membership service because the staff took greater ownership of the results of calls than we had been getting with a dedicated receptionist.

Chain of Command

Efficient, well-run organizations have a clear chain of command, clear job descriptions, a visible and involved CEO, and a low-key, but professional atmosphere. A working chain of command is built on trust; trust that in the absence of the primary decision maker a good decision will still be made. In a smaller MLS, it's necessary for the CEO to have working

knowledge of every component of their corporation, but on a larger scale it becomes impractical, so the CEO must learn to trust that staff perform their job well, but be able to delve more deeply into products or issues if necessary. On any level, micro-managing by the CEO wreaks havoc on efficient corporate function and staff morale. It's simply paralyzing for staff to run all decisions by the CEO.

Empower your staff to make a decision on something if a manager is unavailable. You will find that, with the explicit understanding that any decision they make should be in favor of the member, good decisions will often be made when they are allowed to use their initiative. You may not always agree with the decision, but at least the member was serviced, your staff didn't do anything silly like shut off someone's MLS, and you can correct a mistake. You can't correct first impressions.

Summary

If your path is not leading toward a statewide MLS, you're avoiding the issue. If you are contemplating data sharing, but not with the end goal of a statewide MLS, you're not just avoiding the issue, you're prolonging resolution of it.

For years, MLSs have been running scared over lawsuits from their own members, private citizens, or most recently, the Department of Justice. Over time, the constant threat of lawsuits has seriously altered the way MLSs do business, leaving many of them in a state of paralysis without constant consultations with an attorney. While I will say that an attorney's advice is a critical part of any Board of Directors deliberations, do not confuse legal advice for leadership. It's okay to take calculated risks sometimes and if your driving force is to provide better services to all, you cannot go far wrong.

Shaping the Future

We have an incredible opportunity to shape our own future. We know what it should look like, but the only difficulty is getting there from here. The good news is that some have gone before with really good examples. Take a look at the models of consolidation out there; the Connecticut Multiple Listing Service (CTMLS), the Maine Real Estate Information System (MREIS), the Rhode Island Statewide MLS, the recent consolidation in Vermont and New Hampshire that created the Northern New England MLS (NNEREN).

I believe that there are very real benefits to the REALTOR® Association and REALTOR® MLS models, but they are not the only MLS models. To an increasing degree, brokers with real, legitimate concerns about their Association owned or run MLS have found their complaints falling on deaf ears. Too often, it seems, REALTOR® MLSs have forgotten who they are working for and that they exist to facilitate offers of cooperation and compensation. Sadly, if the REALTOR® models cannot meet their members' needs by failing to adapt to a changing market, and if they fail to provide the leadership necessary to use technology to their advantage, they will instead be overcome by it.

To any software vendor looking in from the outside, fragmented MLS markets offer an incredibly ripe, lucrative target. Historically, MLSs have grown out of REALTOR®

Associations or have been the result of mergers, but there is no reason that it has to continue that way. For the first time, the technology barrier to creating, running, and promoting an MLS is so low that, for some, there may be literally no reason why they would want or even care if an MLS would had an affiliation with NAR. If their local MLS refuses to listen to their concerns, what broker or agent wouldn't be tempted by an MLS – or even just a listing database with no offer of cooperation/compensation – at half the price, or less than they pay now? Plus, to sweeten the pot, the broker takes a cut from the fees their agent pays to the MLS. It's a different MLS model run entirely by a vendor, but it's viable in the sense that it's *possible* – even likely - and the technology to run it already exists in the marketplace.

Technology advances do not work only against REALTOR® MLSs, it's just that as established corporations with established, sometimes complacent executive officers and boards of directors, we have been less likely to use technology to our advantage. Still, the Achilles heel of both the established and new MLS models lies in the fact that an MLS is only as good as its listing data. Small MLSs can prevent competition indefinitely by simply limiting access to the listing data their members need to do business.

The Future: Threats and Issues

People have been predicting the death of the MLS for many, many years. They've been mostly wrong, but a little bit right. As it turns out, it's not so much their prognosticating that's off, it's their assumption that all MLSs are alike. In fact, the MLS industry is alive with a variety of models, both successful and unsuccessful. Surprisingly, whereas in the real world, lack of adaptation would have long ago spelled the death or takeover of many of the less successful models, the alternate reality of the MLS universe of captive members, protectionist boundaries, myopic membership, and revolving door (or worse, recycled) leadership, has allowed many to survive a well deserved demise. Fortunately, well managed MLS corporations are no more in danger of being overtaken by technology today than they were when they were launched.

The introduction of the REALTOR® Property Resource (RPR), the MarketLinx Data Co-Op, Move.com's/Find, and other products have us looking in the wrong direction. They are technological solutions to a problem that technology won't fix. Although innovative and important technological achievements, the *solution* for our industry is consolidation.

Conclusion

From the creation of the Work Group to our eventual launch on February 1, 2007, the efforts to build the Connecticut Statewide Multiple Listing Service took more than a year. If you count from the date discussions began, it took more than three years. The amount of time, energy, and patience expended by all those involved beggars the imagination, yet… they got it done. Incredibly, they succeeded and the benefits are being reaped by Connecticut REALTORS® today. Though credit goes to Maine and Rhode Island for building statewide MLSs before Connecticut, there was no manual, no notes on how to build one, so progress was slow and learned 'on the job.' It is my sincerest hope that this manual will help you avoid the pitfalls we found and will assist you in creating something truly good and beneficial to our members, our industry, and through us, the public.

Afterword

There are many people who deserve recognition for their contributions to our industry and to this paper, specifically. First and foremost, I would like to recognize Jerry Alaimo, first President of the Connecticut Multiple Listing Service, Inc. I would also like to thank the Statewide MLS Work Group members, the Connecticut Association of REALTORS® leadership and staff, especially Bob Kennedy, Executive Vice President, and the CTMLS Board of Directors members whose tireless efforts on behalf of their fellow Connecticut REALTORS® over *years* proved more successful even than they had hoped.

The Connecticut Statewide MLS could not have been created without the incredible dedication and patient guidance of John Bolduc, Association Executive of the Eastern Connecticut Association of REALTORS®, Inc.

I would like to thank my staff, and in particular Barbara Horvath, Director of MLS Services, for their exceptional efforts on behalf of CTMLS. We do good work together.

Finally, I would like to thank Connecticut REALTORS® and Association Executives for their passionate belief in their industry and for their willingness to look at things a new way.

Your Zen Moment:

Doing nothing.

   It's like taking a long walk off a short pier.
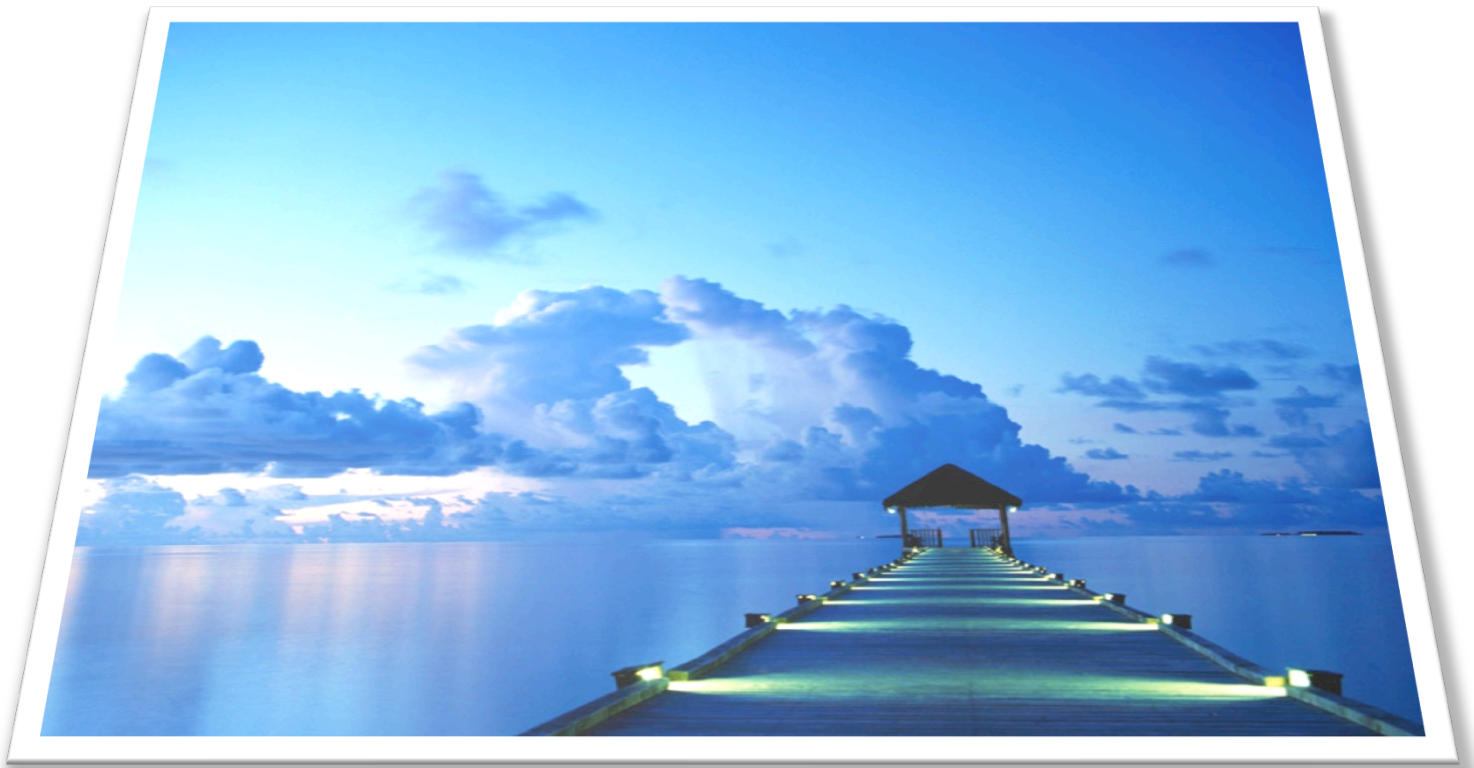
Appendix A

Impact of *Sandicor* Decision on Your MLS

The business practice found to be illegal in the *Sandicor* case is an agreement among a regional MLS's shareholder REALTOR® associations providing for the REALTOR® associations to receive a uniform fee for the support services they provided to MLS participants. The support services included activities such as enrolling new subscribers, billing and collecting payments, ensuring compliance with the rules and answering subscribers' questions. The court found that the service agreements between the regional MLS and the REALTOR® associations fixed the fees for support services in violation of the Sherman Act.

This business practice is not present in the following MLS structures, and therefore, the MLSs with the following structures are not exposed to potential liabilities as a result of the *Sandicor* holding:

1. A MLS run as a committee of a REALTOR® Association, where all of the services (MLS database and support services) are delivered by the REALTOR® Association and the fees are established by the board of directors of the REALTOR® Association.

2. A MLS run as a wholly-owned subsidiary of a REALTOR® Association, where all of the services (MLS database and support services) are delivered by the MLS corporation and the fees are established by the board of directors of the MLS corporation.

3. A MLS owned by one REALTOR® Association (either operated as a committee or separate corporation) that provides services by agreement to the to the members of two or more REALTOR® associations where all of the services (MLS database and support services) are delivered by the MLS and the fees are established by that MLS (if a separate corporation) or the REALTOR® association (if run as a committee).

4. A regional MLS, separately incorporated and owned by two or more REALTOR® associations which "wholesales" MLS database services to the REALTOR® associations, which in turn deliver (resell) MLS services to their members at prices determined by each REALTOR® association.

5. A regional MLS, separately incorporated and owned by two or more

REALTOR® associations, that delivers MLS services (database and support services) directly to the participants, where the pricing is determined by the board of directors of the MLS corporation, and no support services are purchased by the MLS from the REALTOR® associations.

Any regional MLS that delivers MLS services (database and support services) directly to the participants and purchases the support services from two or more REALTOR®Associations should contact the MLS's antitrust counsel and Laurie Janik (ljanik@realtors.org or 312/329-8371) or Ralph Holmen (rholmen@realtors.org or 312/329-8375) to determine the impact, if any, of the holding in the *Sandicor* case.

Appendix B

Service Center
Reference Guide

Table of Contents

Our Mission: One State, One MLS.

The Most Comprehensive MLS in Connecticut:

The Connecticut Statewide Multiple Listing Service (CTMLS) creates opportunities for brokers in all parts of the state to cooperate with each other in buying, selling and renting homes, condos, multifamily property, land and commercial properties. We empower our members with knowledge, tools and services that enable them to excel in their profession.

CTMLS is run by REALTORS®, for REALTORS®. Founded in 2006, CTMLS is the official Statewide MLS for the Connecticut Association of REALTORS®, Inc.
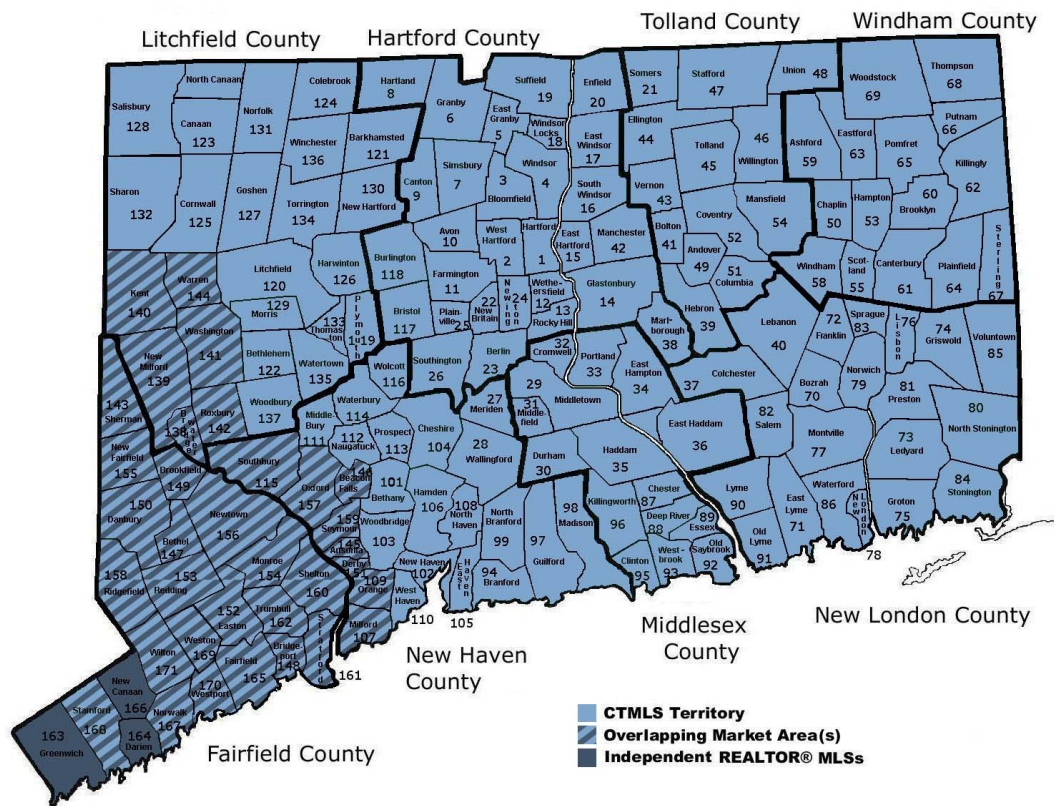
The Basics: The **Statewide** MLS (CTMLS) has roughly 2,400 offices, 12,000 members and 33,000 listings (Information as of February 1, 2009)

New Office

1. Broker/Participant must complete the **Participation Application and Agreement** in its entirety. Pages 1, 2, and 11 must be submitted and signed appropriately.

2. The following payments must be submitted with the Participation Application. Payment can be made by credit card or by check. **Checks should be made payable to CTMLS.**
   a. $XX one time application fee (Non-Refundable)
   b. Current Subscriber Fees: Refer to the CTMLS User Fee Matrix for applicable fees.

3. The Participation Application must identify everone on the office that the broker holds a license for. Subscription Applications must be submitted for anyone accessing the MLS for any reason.

4. Once a completed Participation Application and payment in full has been received, proceed with the following steps.
   a. Check the DCP to ensure that the Broker holds a current license or request a copy of the license along with the Participation Application. Print a copy of the license and attach it to the back of the application.
   b. Check NRDS to verify Board membership. Print a copy of the NRDS record and attach it to the application.
   c. Entering the new office into MLXchange
      i. Click **Tools**, click **Membership/Office**, click **Office Maintenance**, click **Enter a New Office**
      ii. The office code should be 4-5 letters that correspond with the name of the office followed by the number assigned to your service center. Broker Codes should not be any more than 9 characters.
         - Bridgeport: 70 – 79 (Use the number 70 unless the firm has multiple offices.)
         - Eastern: 60 -69 (Use the number 60 unless the firm has multiple offices.)
         - Greater Fairfield: 80 – 89 (Use the number 80 unless the firm has multiple offices.)
         - Hartford: 01 – 19 (Use the number 01unless the firm has multiple offices.)
         - Litchfield: 40 – 49 (Use the number 40 unless the firm has multiple offices.)
         - Midd-Shore: 50 – 59 (Use the number 50 unless the firm has multiple offices.)
         - Mid-Fairfield: 100 – 119 (Use the number 100 unless the firm has multiple offices.)
         - New Haven: 30 – 39 (Use the number 30 unless the firm has multiple offices.)
         - Northern Fairfield: 120 – 129 (Use the number 120 unless the firm has multiple offices.)
         - Stamford: 130 -139 (Use number 130 unless the firm has multiple offices.)
         - Valley: 140 -149 (Use the number 140 unless the firm has multiple offices.)
         - Waterbury: 20 – 29 (Use the number 20 unless the firm has multiple offices.)
      iii. The Responsible Member field must be entered by using the User Id that you will be assigning to the Broker.
      iv. Please ensure that you enter the email address for the office, if available, as well as the Office URL. The office URL should use the format: http://www.MyRealEstateOffice.com where myrealesteoffice.com equates to the actual office website address.

Please note: For every new office entered into CTMLS a valid Broker member record must exist with the user class HB, BR or DB as well as any applicable subscribers.

New Subscriber

1. The Subscriber must complete the **Subscription Application and Agreement** in its entirety. Pages 1 and 9 must be submitted and signed appropriately. Verify **both** that Broker/Participant and Subscriber signatures have been provided along with applicable Subscriber Fees. Refer to the CTMLS User Fee Matrix for appropriate amount. **If the Broker/Participant has not signed the application, the application should not be processed.**
   a. Payment can be made by credit card or by check. Checks should be made out to CTMLS.
2. Once the application is received with payment in full, please follow the steps below.
   a. Check the DCP to ensure that the Subscriber holds a current license or request a copy of the license with the application. Print a copy of the license and attach it to the application.
   b. Check NRDS to verify Board membership. Print a copy of the NRDS record. Attach it to the application.

3. Enter the Subscriber into MLXchange
   a. Click **Tools**, click **Membership/Office**, click **Membership Maintenance**, click **Enter a New User**
      a) The Public ID should consist of the first seven letters of the Subscriber's last name and the first letter of the Subscriber's first name. This rule may not always apply – For example, *Jeannie New* would be entered as NEWJ or for duplicate names like *Mary Smith*, one would be entered as SMITHM and the other SMITHMA
         - Write the Public ID assigned thru MLXchange on the application in the space provided.
      b) The password should be provided by the Subscriber on the application.
      c) Enter the Subscriber's NRDS and License Number in the appropriate field. These fields are newly required. A member record should not be entered if either of these number's are not available. It is important that this information is entered correctly because it affects the member's ability to pay their CTMLS Subscriber fees online.
      d) The office code entered should be the same as the office listed on the application.
      e) The User class for a Subscriber should only be "AN" or "AM" unless specified in writing by the participating broker. If the subscriber is a Broker and only the Broker exists in the office, the Participation Application acts as the Subscription Application.

f) Enter an email address in the appropriate field.

g) The user code should either match the Public ID that you have entered at the top of the record or a number that matches your membership system.

h) Once entered, please send the Subscriber a Welcome Email and copy the Broker/Office Manager.

4. Submit paperwork to CTMLS

Unlicensed or Licensed Assistant

Entering an Unlicensed Assistant with Office Rights (UO)

1. The Unlicensed Assistant must complete the Unlicensed Assistant Application and Agreement. Verify that you have received both pages of the application with signatures from the Broker/Participant and the Unlicensed Assistant. **If the Broker/Participant has not signed the application, the application should not be processed.**

2. Please fill in the Unlicensed Assistant ID that you will be assigning to the assistant on page 2 and sign below stating that you have reviewed the document and that the application is ready to be processed.

   a. Check the DCP to ensure that the person applying as an Unlicensed Assistant does not hold a current Connecticut license.

3. Enter the Unlicensed Assistant into MLXchange
   - Click **Tools**
   - Click **Membership/Office**
   - Click **Membership Maintenance**
   - Click **Enter a New User**
   - The Public ID should consist of the first seven letters of the assistant's last name and the first letter of the assistant's first name. This rule may not always apply – For example, *Jeannie New* would be entered as NEWJ or for duplicate names like *Mary Smith*, one would be entered as SMITHM and the other SMITHMA
       - Write the Public ID assigned thru MLXchange on the application in the space provided.
   - The password should be provided by the assistant on the application.
   - The office code entered should be the same as the office listed on the application.
   - The User class for an Unlicensed Assistant should be "UO".
   - Enter an email address in the appropriate field.
   - Enter all other required fields accurately.
   - The user code should either match the Public ID that you have entered at the top of the record or a number that matches your membership system
   - Once entered, please send the Unlicensed Assistant a Welcome Email and copy the Broker.

4. Submit paperwork to CTMLS. One packet per week should be delivered to CTMLS which includes and applicable paperwork and payment information.

Entering an Unlicensed Assistant who is working for an individual agent (UI)

1. The Unlicensed Assistant must complete the Unlicensed Assistant Application and Agreement. Verify that you have received both pages of the application with signatures from the Broker/Participant, the Subscriber and the Unlicensed Assistant. **If both the Broker/Participant and Subscriber have not signed the application, the application cannot be processed.**

2. Enter the Unlicensed Assistant into MLXchange

    - Click **Tools**
    - Click **Membership/Office**
    - Click **Membership Maintenance**
    - Click **Enter a New User**
    - The Public ID should consist of the first seven letters of the assistant's last name and the first letter of the assistant's first name. This rule may not always apply – For example, *Jeannie New* would be entered as NEWJ or for duplicate names like *Mary Smith*, one would be entered as SMITHM and the other SMITHMA
        i. Write the Public ID assigned thru MLXchange on the application in the space provided.
    - The password should be provided by the assistant on the application.
    - The office code entered should be the same as the office listed on the application.
    - The User class for an Unlicensed Assistant should be "UI".
    - Please enter an email address in the appropriate field.
    - The user code should either match the Public ID that you have entered at the top of the record or a number that matches your membership system.

3. Link the Unlicensed Assistant's account to the Subscriber's ID using the Shared Identity feature
    - Lookup the Subscriber's ID and password and then login as the Subscriber.
    - Click, **Signed in as: "_____"** on the upper left hand side of your screen.
    - On the new window that pops up, click, "**Create New Shared Identity**". Type in the Unlicensed Assistant's last name. Select the appropriate name from the list and click, **Okay**
    - Once entered, please send the Unlicensed Assistant a Welcome Email with the extra directions on how to access the agent's account and copy the Broker and Agent as well.

4. Submit paperwork to CTMLS

Entering a Licensed Assistant with Office Rights (LO)

1. The Licensed Assistant must complete the Licensed Assistant Application and Agreement. Please be sure that you have received both pages of the application and that the document is signed in **all** appropriate places. Please make sure that the Licensed Assistant has signed on page 1 and that the Broker/Participant has signed the application on page 2. **If the Broker/Participant has not signed the application, the application cannot be processed.**

2. Please fill in the Licensed Assistant ID that you will be assigning to the assistant on page 2 and sign below stating that you have reviewed the document and that the application is ready to be processed.

    a. Check the DCP to ensure that the person applying as a Licensed Assistant holds a current license, print a copy out and attach it to the back of the application.

3. Enter the Licensed Assistant into MLXchange

4. Click **Tools**, click **Membership/Office**, click **Membership Maintenance**, click **Enter a New User**

    a. The Public ID should consist of the first seven letters of the assistant's last name and the first letter of the assistant's first name. This rule may not always apply – For example,

    Jeannie New would be entered as NEWJ or for duplicate names like *Mary Smith*, one would be entered as SMITHM and the other SMITHMA

        i. Write the Public ID assigned thru MLXchange on the application in the space provided.

    b. The password should be provided by the assistant on the application.

    c. The office code entered should be the same as the office listed on the application.

    d. The User Class for a Licensed Assistant should be "LO".

    e. Please enter an email address in the appropriate field.

    f. The user code should either match the Public ID that you have entered at the top of the record or a number that matches your membership system

    g. Once entered, please send the Licensed Assistant a Welcome Email.

5. Submit paperwork to CTMLS

Entering a Licensed Assistant who is working for an agent

1. The Licensed Assistant must complete the Licensed Assistant Application and Agreement. Please be sure that you have received both pages of the application and that the document is signed in **all** appropriate places. Please make sure that the Licensed Assistant has signed on page 1, the Subscriber the assistant is working for and the Broker/Participant has signed the application on page 2. **If the Subscriber and the Broker/Participant have not signed the application, the application cannot be processed.**

2. Please fill in the Licensed Assistant ID that you will be assigning to the assistant on page 2 and sign below stating that you have reviewed the document and that the application is ready to be processed.
   a. Check the DCP to ensure that the person applying as a Licensed Assistant holds a current license.

3. Enter the Licensed Assistant into MLXchange

4. Click **Tools**, click **Membership/Office**, click **Membership Maintenance**, click **Enter a New User**
   a. The Public ID should consist of the first seven letters of the assistant's last name and the first letter of the assistant's first name. This rule may not always apply – For example, *Jeannie New* would be entered as NEWJ or for duplicate names like *Mary Smith*, one would be entered as SMITHM and the other SMITHMA
      i. Write the Public ID assigned thru MLXchange on the application in the space provided.
   b. The password should be provided by the assistant on the application.
   c. The office code entered should be the same as the office listed on the application.
   d. **The User class for a Licensed Assistant working for a specific agent should be "UI". Please make a note in the Comments field that this assistant is licensed and put his/her license number in as well.**
   e. Please enter an email address in the appropriate field. Again, this is needed for communication purposes.
   f. The user code should either match the Public ID that you have entered at the top of the record or a number that matches your membership system.

5. Lookup the Subscriber's ID and password and then login as the Subscriber.
   a. Click, **Signed in as: "   "** on the upper left hand side of your screen
   b. On the new window that pops up, click, **Create New Shared Identity**. Type in the licensed assistant's name and then select it from the list and click, **Okay**
   c. Once entered, please send the Licensed Assistant a Welcome Email with the extra directions on how to access the agent's account. (See Welcome email for Unlicensed/Licensed Personal Assistant.)

6. Submit paperwork to CTMLS

New Team ID

In order to obtain a Team ID, all members of the Team must be paying Subscribers of the Statewide MLS. Please have them complete the Team Account Set-up/Change Form in full. **Please note that the form must be signed by all of the Team Agents as well as the Broker/Participant.**

Creating the ID in MLXchange

1. Enter the Team ID (It is the same as entering a new Subscriber). The User Class should be "TM".
2. Once the ID is entered into the system, sign in as the Team ID
    Accept the agreement
    Click, **Signed in as: _____ "** on the upper left hand side of your screen
    On the new window that pops up, click, **Create New Shared Identity**
        Type in the first Team Agent's name and then select it from the list and
        click, **Okay**
        Repeat for all Team Agents.
3. Once complete, send all agents an email with instructions on how to access the Team ID. (Please refer to page 16 for Sample Email)
4. Submit paperwork to CTMLS

Sample Team ID email   **(Please note this is only a sample and must be customized for each team created.)**

Your Team ID Has Been Activated

Good Afternoon Joe and Tom,

Your Team ID has been activated.

Using your TEAM ID is simple. Please have each individual TEAM agent sign into MLXchange as they normally would (using their own User Name and Password).
On the top of the home screen, you will see, "Signed in as: Joe Johnson" or "Signed in as: Tom Brady".

- Please click on "Signed in as: Joe Johnson" or "Signed in as: Tom Brady"
- You will then be given a choice to log in as "JB Team".
- Select the Team ID, "JB Team" as listed in the display and click OK.
- Please be patient as a number of MLX screens display. Once complete a new homepage will be delivered. You will now see, "Signed in as: JB Team".

This is the ID that all TEAM listings should be entered under.

If you have any questions or would like some assistance logging into the TEAM ID for the first time, please feel free to contact me.

Regards,

Waiver

Waiver Policy:

The Participant of the service is exempt from payment of Connecticut Multiple Listing Service, Inc. Subscriber fees for the individual identified on the waiver form. The waiver form is effective for <u>6 months only or through the end of the current billing cycle (CTMLS billing cycles run May-October and November-April) which ever comes first and effective upon approval by the CTMLS, Inc.</u> Further, in completing a waiver, the Subscriber agrees that use of the Multiple Listing Service in any way while under the waiver constitutes an abuse of this waiver policy and a violation of the Rules and Regulations of the Connecticut Statewide MLS, Inc. **Subscription Waivers are effective only for medical, military reasons, or if a Subscriber has a primary membership in another MLS.** The qualifying Subscriber must indicate their reason for waiving on the form and provide the necessary proof.

Entering a Waiver:

Make sure that the Waiver form has a start date and an end date (that is a maximum of 6 months) and that it is signed by the Broker/Participant.

1. Once the application is received and all signatures have been verified, please follow the steps below.
   a. Check the DCP to ensure that the Subscriber holds a valid Real Estate license. Print a copy of the license and attach it to the application.
   b. Check NRDS to verify REALTOR® membership. Print a copy of the NRDS record and attach it to the application.
2. Enter the agent into MLXchange
   a. Click **Tools**, click **Membership/Office**, click **Membership Maintenance**, click **Enter a New User**
      a) The Public ID should consist of the first seven letters of the agent's last name and the first letter of the agent's first name. This rule may not always apply – For example, *Jeannie New* would be entered as NEWJ or for duplicate names like *Mary Smith*, one would be entered as SMITHM and the other SMITHMA
         - Write the Public ID assigned thru MLXchange on the application in the space provided.
      b) The password will be created by you. It does not matter what you choose because it will be changed when the agent subscribes in the future.
      c) Enter the agent's NRDS number in the appropriate field. It is important that this information is entered correctly because it affects the member's future ability to pay their bill online and is needed for verification purposes.
      d) The office code entered should be the same as the office listed on the application.
      e) The User Class should be "WV" and the Service Center Access Denied field should be filled in with an "80".
      f) Please enter an email address in the appropriate field. This is needed for future billing purposes and communication about waiver end date.
      g) Please be sure to enter the waiver end date. This field needs to be populated for future activation purposes.
      h) Enter the agent's valid license number.

          i) The user code should either match the Public ID that you have entered at the top of the record or a number that matches your membership system

3. Submit paperwork to CTMLS

Changes to Subscriber and Office Records

<u>Transferring an existing Subscriber</u>

- Transferring to an office within the same Service Center
    - The Subscriber must submit the CTMLS Transfer Form. **This form must be signed by the Subscriber and the Broker/Participant for the new office**.
    - Update NRDS with the appropriate information
    - Once paperwork is received and NRDS is updated, please transfer the agent to the new office and update their email address if necessary.
    - Submit paperwork to CTMLS
- Transferring to an office in a different Service Center
    - The Subscriber must submit the CTMLS Transfer Form. **This form must be signed by the Subscriber and the Broker/Participant for the new office**.
    - If the transfer is an MLS only transfer and the Subscriber is not a member of your board, please contact the Subscriber's primary Board or Association to have them update the NRDS database. If the Subscriber is remaining on your board but will be have MLS service through another board, please update NRDS.
        - Once NRDS is updated, please fax the transfer form and a copy of the NRDS record to CTMLS. CTMLS staff will transfer the ID to the new office and forward paperwork to appropriate Service Center for their records.

- Transferring Listings
    - If a subscriber has left an office and the Broker has agreed to release an existing listing to the agent upon his/her departure, the original listing broker must change the status of the listing to "CANCL" and the agent must re-enter the listing with the new company. Please note that it is the agent's responsibility to obtain all necessary documentation for this transaction.
    - If a firm is closing one office and all agents and active listings are to be transferred to another location, please request a letter from the Broker/Participant or corporate office requesting that the specific agents and the specific ML#'s be transferred to the new location. Please be sure that the letter states an effective date. Please also follow up with the office for the appropriate paperwork regarding the office deletion.
        - Submit all paperwork to CTMLS

Deleting a Subscriber/Deleting an Office

- Deleting a Subscriber
    - If a Subscriber no longer works for a participating office and the Broker/Participant must complete a Member Delete Form. This form should be signed by both parties. However, if the agent is unreachable, the Broker/Participant may indicate that he/she is unable to obtain the Subscriber's signature and may submit the form with only his/her signature.
    - Once verified that the agent no longer works for the company, place a "99" in the Service Center Access Denied field in the Subscriber's member record.
    - Type reason for deletion in the Comments field of the member record.
    - Submit all paperwork to CTMLS

- Deleting an Office
    - If a participating office closes or wishes to discontinue their participation in the Statewide MLS, the Broker/Participant must to complete an Office Deletion Form. This form will serve as notification to delete the Broker, all agents affiliated with the company, the actual office record and any existing listings will be cancelled.
    - If there are agents in the office that are transferring to another office or who are going to be working for another company, these agents need to complete the appropriate transfer paperwork to ensure that their access is uninterrupted.
    - To Delete an office:
        - Place a "99" in the Service Center Access Denied field of the Broker's member record.
        - Place a "99" in the Service Center Access Denied field of any of the remaining agent's record's. (Please be sure that we have not received any transfer paperwork on these agents before deleting their record.)
        - Place a "99" in the Service Center Access Denied field of the office record.
        - Type the reason for deletion in the Comments field in the office record.
    - Submit all paperwork to CTMLS

Reactivating a Subscriber

An agent, once a Subscriber to the Statewide MLS, needs to complete a Reactivation Form. This form must be signed by both the Agent/Subscriber and the Broker/Participant. **Reactivations may not be processed without appropriate payment or verification thru CTMLS that payment has already been made.**

    a. Once the completed form is submitted, contact CTMLS for payment amount or payment verification.

    b. Reactivating the Subscriber requires the exact USER CODE to be entered from their previous entry in the system. Please contact CTMLS for correct User Code information. It is the only way to tie the Subscriber's record back to their original billing record and their history in MLXchange.

    c. If you would like Michele or Sonnilynn to reactivate the ID for you, please provide the User ID, password, and the Office Code the Subscriber is reactivating service with and we will get the Subscriber back in the system for you. You will then need to go into the record and make sure that all additional information for the Subscriber is correct and entered. (ie: NRDS Number, License Number, Email Address, etc)

    d. Submit all paperwork to CTMLS

Adding an office to an existing firm

If a Broker/Participant is opening up a new office for their firm, please have them complete the Office Add Form. It is important that the form is completed in its entirety.

- Add the new office into MLXchange (Follow instructions for entering a new office). Please ensure that the office codes are consecutive (ie: CMRE20 and CMRE21)
- Enter the responsible member's User ID into the Responsible Member field in the office record. This person's name and ID should be indicated on the Office Add Form. If the responsible member is going to need an additional ID for this office, please make sure that the appropriate User ID is entered into the RM field.
  - A duplicate Broker should have the User Class Level of DB. Please add this additional ID if necessary. (Follow instructions for entering a new Subscriber)
  - If the responsible member only has one ID in the system and is transferring to this new office, please make sure that his/her user class level is BR.
- Submit all paperwork to CTMLS

Modifying an existing Team ID

If there is a change to be made to a team, follow the steps below:
Complete a new Team Account Set-up/Change Form.

    a. If a new member of the team is being added, follow the steps below
        i.   Sign in as the Team ID
        ii. Click, **Signed in as: "**_____**"** on the upper left hand side of your screen
        iii. On the new window that pops up, click, **Create New Shared Identity**
        iv. Type in the new Team Agent's name and then select it from the list and click, **Okay**
        v. Once complete, send the new agent an email with instructions on how to access the Team ID.
        vi. Submit paperwork to CTMLS
    b. If a member of the team is being removed from the team
        i. Sign in as the Team ID
        ii. Click, **Signed in as: "**_____**"** on the upper left hand side of your screen
        iii. On the new window that pops up, click, the name of the team member you wish to delete and click, **Delete selected shared identity**. Click, **OK** to submit the change.
        iv. Log out of the Team ID
    c. If the team no longer exists place a "99" in the Service Center Access Denied Field.

How to forward completed paperwork to CT Statewide MLS

Paperwork should be sent to CTMLS on a weekly basis. (Every Friday)

Please follow the procedure below when sending paperwork to the CT Statewide MLS:

1. Be sure that all paperwork is completed in full. Be sure to complete the Office Use Only section of the forms. (Assigned Service Center _____   Date: ____/____/____). Also be sure that you have included the Subscriber's NRDS # and License # in the space provided on both applications.
2. The attached cover sheet should be submitted each week with the corresponding documents and should be attached to the front of each packet. It is important that it is completely filled out and that the information written on the sheet, matches what is in the packet. **Please Note: An electronic version of the cover sheet will be provided to each Board/Association.**
3. Below is a list of the forms and what pages/signatures are needed
    a. **Participation Applications**: Pages 1, 2, and 11 must be forwarded with all appropriate signatures and information. Payment of the application fee ($XX) and payment of subscriber fees must be submitted at the time of application.
    b. **Subscription Applications**: Pages 1 and 9 must be forwarded with all appropriate signatures and information (Participant and Subscriber signatures). (No exceptions) Payment of Subscriber fees must be submitted at the time of application.
    c. **Transfer Forms:** This form must be signed by both the Subscriber and the new Participant. (No exceptions)
    d. **Delete Forms:** This form should be signed by both the Subscriber and the Participant, but can be signed solely by the Participant if the Subscriber is unreachable. Please note: All unpaid balances of the Subscriber will be place on the Participant's account at the time of deletion.
    e. **Reactivations:** This form must be signed by both the Participant and the Subscriber (No exceptions). Payment must be submitted at the time of reactivation or verification thru CTMLS must be made if Subscriber states that he/she is paid in full.
    f. **Waivers:** This form must be signed by both the Participant and the Subscriber and should only be accepted if the agent has a medical condition, military commitment, or primary membership in another MLS. Waivers are only valid for a six month period. (No exceptions).
    g. **Team Applications:** This form must be signed by all members of the team and the Broker/Participant. All team members must be paying Subscriber's of the Statewide MLS. A team application can not be processed without the Broker/Participant's signature.
    h. **Unlicensed Assistant Applications:**
        i. If the Unlicensed Assistant is an office admin (needs access to all listings and agents in the office), the application must be signed by the Assistant and the Broker/Participant.
        ii. If the Unlicensed Assistant is only working for a specific agent in the office, the application must be signed by the Assistant, the Subscriber for whom the assistant is working for, and the Broker/Participant.

    i. **Licensed Assistant Applications:**
        i. If the Licensed Assistant is an office admin (needs access to all listings and agents in the office), the application must be signed by the assistant and the Broker/Participant.
        ii. If the Licensed Assistant is only working for a specific agent in the office, the application must be signed by the Assistant, the Subscriber for whom the assistant is working for, and the Broker/Participant.

CT MLS
The Connecticut Statewide MLS
CTMLS.CTREAL.com
CORPORATE SITE

Sample Cover Sheet for Service Center Weekly Packets

Your Association/Board of REALTORS®

CT MLS
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Week of ___/___/___

Subscriber Name	Office Name	Office Code	App. Received	Payment Type	Amount
New Participants					
New Subscribers					
Transfers					
Deletes/Reactivations					
Waivers					
CTMLS Payments					
Changes					

Page 1

Please Note: All Service Centers will receive an electronic version of the above document.

Important Information

CT Statewide MLS Benefits:

Did you know? The significant benefits of a statewide MLS are considered to be *pro-competitive* by the government. Because a statewide system improves the quality of MLS listing data, coverage, etc., it ultimately benefits the public. In addition to providing all MLS listing data for one fee, other benefits of a statewide MLS include:

- Reduction in costs due to economies of scale (the Statewide contract with our MLS vendor provides for lower fees at higher membership rates)
- Reduction in costs due to elimination of duplicate MLS buildings, staffs, vendors, contracts, etc.
- Increase in membership means increase in buying power and negotiating power with MLS vendors
- One common set of Rules & Regulations to abide by (thus eliminating much confusion)
- One common data feed for brokers for IDX or VOW sites
- One common MLS system that allows for universal training by MLS and brokerages
- Elimination of duplicate entry by brokerage staff
- Elimination of duplicate listing data on realtor.com and other websites

Specific member benefits of the Statewide MLS included in your membership fee:

www.CTREAL.com **-** Has generated more than 34,890 leads and over 3,270,437 visitors since our launch in March of 2008. All leads from CT**REAL** come directly back to the listing agent or brokerage website. It's advertising free, the leads are free and it's a benefit of Statewide MLS membership.

Customer Service - The Statewide MLS is built on good customer service. From friendly local service at 12 Boards of REALTORS® across the state and the friendly live help at the Statewide MLS to the 7 Day Tech Support Hotline through MLXchange, we've got you covered.

ListHub – Generate substantial internet presence by syndicating your listings to the top real estate search sites on the web.

MLX Wireless - MLS data on your smart phone. Never be without MLS access again.

ShowingAssist - Set up showing appointments on <u>your</u> schedule, directly through the MLS. Whether you set up appointments directly to the seller or through the agent, ShowingAssist makes it happen via email and/or text message alerts to your cell phone.

Statewide Tax Data – From Greenwich to Norwich, the Statewide MLS has public record information for the entire state integrated directly within the MLS.

Support Phone Numbers:

Photoflight	MLXchange Technical Support	Connecticut Association of REALTORS®
860-875-9751 1 877 5 PHOTOS P.O. Box 593 Ellington, CT 06029	1-888-825-5472 (Eastern Standard Time) Monday – Friday: 8:30am – 8:00pm Saturday – Sunday: 8:30am – 3:00pm	1-800-335-4862 or 860-290-6601 For legal questions, please ask for the legal hotline.
List Hub 1-877-847-3394 ext. 1 or send an email to: info@Listhub.net	**MLXchange Wireless Support** 1-866-304-0080 (*bypass msg) 10:00am – 8:00pm est mlxsupport@mosthome.com * Mlxwireless requires wireless handheld hardware and a wireless data plan	**ShowingAssist** 1-800-379-0057 or send an email to: showingdesksupport@showingtime.com
Realtor.com Customer Service: 800-878-4166		

For Service Center use ONLY:

CTMLS 800 Number: 888-848-3048

MLXchange Answerlink Technical Support Special Staff Line: 888-423-6468

CTREAL.com

860 N. Main Street Ext. | Wallingford, CT 06492 | Tel 203-697-1006 | Fax 203-697-1064

The CT Statewide MLS Class Descriptions:

CTMLS schedules regular online training sessions for all 12 statewide Service Centers. CTMLS reserves the right to cancel the class. You may direct your members to our training team to schedule in-office custom training seminars. Email Lauren Egan at Lauren@ctreal.com. Custom office seminars are scheduled with the Broker's guarantee that 5 or more agents will be present for the seminar.

- **Basic I: Class time = 1.5 hour**
  This course is designed as a very basic introduction to MLXchange. This class will concentrate on beginner functionality. The agent will learn how to move around the system. Topics discussed include homepage navigation, managing clients, simple searching and Hotsheet.

- **Basic II: Class time = 2 hours**
  This course is designed for the more seasoned agent that has an established comfort level with the basic functions of the MLXchange system. Topics reviewed will include extensive search functionality including emailing listings, prospecting and a heavy concentration on the MLXchange Mapping component. **Prerequisite: Basic I.**

- **Advanced: Class time: 1.5 hours**
  This course is designed to familiarize the agent with the customization tools within MLXchange. Topics covered included adding listings, editing listings, tax searching, template manager, column manager and personal settings. **Prerequisite: Basic I & II.**

- **Express CMA: Class time: 1 hour**
  This course is designed to take an agent through a complete CMA analysis using the CMA Wizard.

- **CMA w/Report Writer: Class time – 2 hours**
  This course takes you one step beyond the Basic CMA. CMA w/Report Writer gives the agent the ability to not only create their CMA but learn how to customize and personalize a CMA. **Prerequisite: Basic I, II & CMA.**

- **Report Writer: Class time = 2 hours**
  This course concentrates on customizing your own MLXchange print report. The Report Writer functionality will allow you to create your own personalized print and email report views in MLXchange. Class size is limited to 6 agents. **Prerequisite: Basic I & II.**

MLXchange Basic I Class Curriculum

1) **Opening MLXchange**
   a. Opening Internet Explorer
   b. Setting Shortcuts
   c. Logging into the MLXchange System-Logging out/Back arrow

2) **Home Page Review- Resources**
   a. Getting a "Feel" for the System Layout
   b. Rules and Regulations-log on info/password/F11
   c. Brief Description
      i. -Prospecting
      ii. Find a Listing- Put in an address/I-Bubble
      iii. Hotsheet
      iv. Inventory Watch
      v. Quick Links
      vi. Find a Client
      vii. My side bar
      viii. Navigation Tool Bar

3) **Adding a Listing-Tax-Autopop/Par ID/Mill Rate**
   a. Review/Types of Fields
   b. Tax Autopop
   c. Edit/ Manage Images-Add member Image

4) **Managing Clients**
   a. Adding New Clients
   b. Changing the Client List View
   c. Editing Client Information
   d. Deleting Clients
   e. Sending Emails
      i. To One Client
      ii. To Groups of Clients
   f. Viewing Client Records
   g. Printing Client Reports

5) **Search- Simple Search Basics-No Map**
   a. Entering/Viewing Basic Criteria

6) **Hotsheets**
   a. What is a Hotsheet & what is it good for?
      i. Creating Hotsheets/Saving Criteria

7) **CTReal.com-website Resources-**
   a. Message of the day
   b. Showing Assist

c. R.I./Wireless
d. Bill Pay

Class Time: 1.5 Hours

MLXchange Basic II Class Curriculum

1) **Search Using Search Form**
   a. Searching in MLXchange
   b. Simple Searches
   c. Selecting Simple Search Criteria
   d. Advanced Searching with Search Operators
   e. Viewing Listing Details from Search Results
   f. Printing Listing Details Reports
   g. Printing Search Results
   h. Emailing Listing Reports
   i. Creating Driving Directions

2) **Prospecting Searches**
   a. Simple Search
   b. Selecting Simple Search Criteria
   c. Emailing Listings from Result Grid vs. Detail Page
   d. Setting up Prospecting
   e. Viewing Prospecting Results
   f. Modifying or Change Prospecting Results

3) **Case Study I**
   a. Reviews Client Manager, Search Entry & Auto Prospecting Notification Setup

4) **Search Using Search Map Tab**
   a. Map View in Detail
   b. Simple Searches using Map
   c. Selecting Criteria from search form
   d. Viewing listing details from search results
   e. Modify or Change Prospecting Results

5) **Case Study II**
   a. Reviews using Search Map Tab

Class Time: 2 Hours

MLXchange Advanced Class Curriculum

1.) Tools
    a. Adding Listings –In Full/Tax-Auto-pop
    b. Adding Listing Images

2.) Advanced Searching Techniques
    a. Changing the Search Results View
      -Rearranging & Filtering
    b. Saving Searches
      -Viewing Saved Searches
      -Prospecting Searches
    c. Building Search Templates/Save
    d. Creating and Saving Column Layouts
    e. Searching Geographically by Map Area

3.) Exporting Data to Files
      Importing & Exporting Clients

4.) Using the *Tax Search* Feature
    a. Searching for Tax Info
    b. Viewing Tax Record Details
    c. Printing Mailing Labels from Tax Records

5.) Customizing Personal Settings
    a. Changing Contact Information
    b. Changing Personal Defaults
    c. Changing *Favorite Reports*

Class Time: 2 Hours

MLXchange Express CMA Class Curriculum

1) Creating New CMA's

2) Adding Subject Property using Tax

3) Using Search Engines to find comparables

4) Working with Comparable Properties

5) Working With Adjustments

6) Determining Suggested Price

7) Manipulating CMA Presentations

8) Viewing CMA Reports

9) Printing and Emailing CMA's

Class Time: 1 hour

MLXchange CMA with Report Writer Class Curriculum

1) Creating New CMA's

2) Using Search Engines

3) Identify reports to manipulate-Bullet Reports

4) Manipulating CMA Presentations

5) Viewing CMA Reports

6) Saving Customized CMA's to Defaults

Class Time: 2 Hours

Billing and Payment Information:

Participation Fee

New Offices are required to pay a one-time $XX Participation Fee.

Subscribers are notified via email of invoices available for payment. The most expedient and accurate way to pay MLS Access Fees is to pay online with a credit card through MLXchange. CTMLS has no provision for auto-pay.

Fee Structure

Subscriber Fees are $XX per month. There is an additional $XX per month service tax required by the State of Connecticut totaling $XX per month.

CTMLS invoices its subscribers twice a year: April 1 due April 30 for $XX for the six month period of May 1 through October 31 and again on October 1 due October 31 for $XX for the six month period of November 1 through April 30.

Billing Summary's are distributed to each office via regular mail. This summary is meant to identify the list of agents/brokers on record with CTMLS and the amount that has been billed. The Broker/Participant may log into MLXchange and review and/or pay for any member in their office online in MLXchange.

New agents who join CTMLS or agents who reactivate in the middle of a billing cycle after being out of the system for more than one billing cycle will be invoiced according to the month they request activation. Please note that back fees may be applicable for agents returning to the service. Please contact CTMLS for proper payment amount.

Month of Application	Payment Period	Amount Owed
January	January - April	$XX
February	February – April	$XX
March	March – April	$XX
April	April – October	$XX
May	May – October	$XX
June	June – October	$XX
July	July – October	$XX
August	August – October	$XX
September	September – October	$XX
October	October – April	$XX
November	November – April	$XX
December	December – April	$XX

Agents who reactivate in the middle of a billing cycle after being suspended due to non-payment will be required to pay the full $XX.

Refund Policy

CTMLS has a No Refund Policy

Please note: Attachment A of the CTMLS Rules & Regulations our policy clearly states, *"Fees, charges and fines are subject to change, in both amount and nature, by the Board of Directors. **No application fee, participation fee or other charges or fines required to be paid by a Participant or Subscriber shall be refunded or waived, except on approval of the Service**, which approval the Service may grant or withhold in its absolute discretion."* (emphasis added). Please be clear that our policy is, and always has been, to <u>not</u> grant refunds.

Procedures for Subscriber Payment On-Line

Follow these simple steps to pay on-line by **credit card**:

1. Log onto MLXchange, then go to the "Resource" section and click, **Smartlinks**
2. Click, **Pay Your CTMLS Access Fee**
3. Select **Pay/View Your Online Invoice**
4. Complete the Credit Card Information
5. Click **Continue** to verify payment information
6. Click **Pay Now** to complete the payment transaction
7. You will receive a system generated email confirmation of this transaction

Reviewing Invoice History

Under "Smartlinks", "Pay Your CTMLS Access Fee" you may also:
Review Your Payment History
Printout Payment History for Tax/Expense Purposes

Reviewing Outstanding Balances for an Office Online (Broker Only Function)

1. Log onto MLXchange, then go to the "Resource" section and click **Smartlinks**
2. Click **Pay Your CTMLS Access Fee**
3. Click **Company Services**
4. Click **Lookup Member Open Balances**

Service Suspension

Prior to service suspension, diligent effort is made by email, by phone and by U.S. mail to contact unpaid Subscribers and Brokers/Participants within those offices where there are unpaid Subscriber balances.

MLS Subscriber Access is suspended when MLS Fees go unpaid beyond XX days, access is denied to the individual Subscriber with an outstanding balance.   Additionally, MLS access is suspended for an entire office when MLS fees are left unpaid beyond XX days. A reinstatement fee of $XX is charged to

the Broker of the suspended office. MLS Access will be restored upon full payment of the reinstatement fee and all other outstanding balances.

MLS User Fee Matrix:

CTMLS User Fee Matrix		MAY		JUNE	JULY	AUG.	SEPT.	OCT.
		MAY		**JUNE**	**JULY**	**AUG.**	**SEPT.**	**OCT.**
Amount to Collect:		$XX		$XX	$XX	$XX	$XX	$XX
		NOV.		**DEC.**	**JAN.**	**FEB.**	**MAR.**	**APR.**
		$XX		$XX	$XX	$XX	$XX	$XX
KEY:		Semi-annual period from May 1 through October 31st						
		Semi-annual period from November 1, 2008 - April 30, 2010						

User Class Definitions:

Definition: User Class – The primary user class assigned to a member record in MLXchange. The user class provides the member with specific access privileges to the system. Additionally, it helps the Service Center and CTMLS staff to differentiate one user type from another. Please note that the billable user class is considered to be HB, BR AM, and AN. These are also the user classes identified when counting membership with your Service Center for purposes of Service Center payment.

Although there are many User Class levels listed in MLXchange, you should only use the ones identified on the list below.

HB: Head Broker
Used to designate the Head of a firm. This access has privileges to all listings in all offices. Billable user class.

BR: Broker
Used to designate the broker within the company. This access has privileges to all listings within the office. Billable user class.

DB: Duplicate Broker
Used to designate the broker within the company. This access has privileges to all listings within the office. Used when a Broker within a firm needs to be listed in more than one office and may be listing in individual offices. Non-Billable user class.

AM: Agent with the Ability to Add, Modify individual listings
Able to perform all standard MLXchange functionality with add listing, modify listing and search privileges. Billable user class.

AN: Agent with Search only capabilities
This access level only has privileges to search listings and other standard MLXchange functionality. Billable user class.

TM: Agent Team Access
Agent acting within a team. Each agent on the team should be assigned an individual id using AN user class. Team access would be entered into the system using the Team Name (i.e. Team Smith - using Team as First Name and Smith as Last Name in MLXchange User. Once the Team Id is entered, set up the ID. Refer to page 16, New Team ID. Non-Billable user class.

UO: Unlicensed Office Staff (Unlicensed Waiver needed)
Staff/Admin Access. Privileges to add/modify listings within the office. For example, when viewing listings within the office on a Full Plain and Agent Detail view the Expiration date will show. Non-Billable user class.

UI: Unlicensed Individual Rights

Search only capabilities. Able to perform all standard MLXchange functionality through sharing the ID with a specific agent's ID. Non-Billable user class.

LO:　**Licensed Office Staff (Licensed Waiver needed)**
Staff /Admin Access. Privileges to add/modify listings. The access level has privileges to all standard MLXchange functionality.   For Example, when viewing listings within the office on a Full Plain and Agent Detail view the Expiration date will show. Non-Billable user class.

WV:　**Agent supplying waiver**.
WV is used to identify a REALTOR® member that has waived their access to the Statewide MLS. WV status requires a signed waiver from the Broker and Agent. This waiver should not exceed 6 months. Specific use of a waiver should be for medical, military or primary membership in another MLS. When a waiver is submitted to CTMLS the agent should be entered into the system. The WV user class, although assigned an id/password should not be provided to the member. When a member goes off waiver – you only need to modify the password and supply the Welcome Email. Non-Billable user class.

WV access does not provide the member with access the MLS but provides the Service Center a way to track those folks on waiver.

!M:　**MLS Staff ID.**
This id allows access to any listing within Service Center. Able to perform all standard MLXchange functionality along with Office/member entries/modifications, entries to Service Center Message of the Day and Service Center Resource Links among other administrator type activities within the MLS.

Rules and Regulations Summary:

Please refer to the complete Connecticut Multiple Listing Service Inc. Rules & Regulation document, which can be found at: http://www.ctmls.ctreal.com for a complete reference guide to MLS policy

Name and Definition:
The name of the organization is Connecticut Statewide Multiple Listing Service, Inc. or CTMLS, Inc.

The purpose of the Service is a means by which authorized Participants make blanket unilateral offers of compensation to other Participants acting as buyer agents; The MLS is also a means of enhanced cooperation and the accumulation and dissemination of information to enable authorized Participants to prepare appraisals, analyses, and other valuations of real property to bona fide clients and customers. Participants engaging in real estate appraisal contribute to common databases. The service is also a facility for the orderly correlation and dissemination of listing information among the Participants so that the REALTORS® may better serve their clients and the public.

Participation:
Participation in the service is available to any REALTOR® Principal who is an active member of the CT Association of REALTORS® or any other Association of REALTORS® without any further qualification except payment of required dues and fees and agreement to abide by the bylaws and the Rules and Regulations of the Service and completion of an orientation program of no more than three classroom hours devoted to the MLS Rules and Regs.

Mandatory Property listings:
Property located within CT, on an Exclusive Right to Sell/Rent or Exclusive Agency to Sell/Rent listing contract shall be entered into the system within XX hours after all necessary signatures of Seller(s) and Participant or authorized agents.

Required Property Types:
 a) Single Family, Condos, Townhouses, Co-ops, Mobile Homes for sale, lease or
 b) Vacant lots and acreage for sale, lease or exchange
 c) 2, 3 and 4-family residential buildings for sale, lease or exchange.

General Listing Information:

Photo Submission:
Each listing submitted to the Service must include a photo unless it is:
  a) Land
  b) Business for Sale
  c) Residential Rental
  d) Proposed new construction or under construction.

- Photos are required on new or under construction property once construction has been completed.

- Photos must be input within XX hours by:
  a) entering a digital photo directly from a pc to the system
  b) a digital photo file(s) (.jpg file) may be emailed as an attachment(s) to a Service Center
  c) photos may be hand delivered or mailed directly to a Service Center.

- Photos entered directly from pc/camera will be immediately available for

viewing/printing and email within the system.

- Any change in the listing data fields must be entered within 48 hours.

Advertising:
No one other than the Listing Broker may advertise listings without the prior written consent of the listing Broker.

Limited Service Listings:
Will be identified by selecting the "Limited Service" code in the listing type field.

Entry Only listings:
Will be identified by selecting the "Entry Only" code in the listing type field.

Listing Remarks & Sensitive Data:
No broker, agent or agency, web URL, email, voicemail, telephone numbers, or other personal information should be identified in the listing compilation. This type of information can be entered within their designated fields. For example: 'Listing Office, 'Listing Agent' 'Agent to Agent remarks', etc.

- The listing broker needs to specify on each listing the compensation offered to the other Participant for their services. The listing broker retains the right to determine the amount of compensation offered to other Participants acting as Subagent, Buyer's Agent or in other agency or non-agency capacities defined by law. The compensation specified in the listings filed with the service shall appear in one of two forms; a) by showing a percentage of the gross selling price or b) by showing a definite dollar amount.
- The full listing price of a property must be entered within the listing.
  A listing may be entered in more than one property type only if each listing
  cross references the other with the MLS# via the "Remarks" field. The sale of the
  property can only be entered in one category and the other should be cancelled

IDX (Internet Data Exchange) Policy:

- IDX affords MLS Participants the option of authorizing display of their active
  listings on other Participant's Internet Web sites
- Consent for display of their active listing by other Participants pursuant to these
  Rules and Regulations is presumed unless a Participant affirmatively notifies the MLS in writing that the Participant refuses to permit display.
- An office must notify the MLS of their intention to establish an IDX web site and complete the appropriate paperwork before the IDX site is accessible to the public.
- Listings or property addresses of sellers who have requested, in writing, to withhold their listing or address from display on the internet shall not be displayed on an IDX site. Otherwise, the property address will be displayed.
- Data on an IDX Web site must be refreshed at least once every three days.
- When displaying listing content on an IDX site, the listing must clearly identify the name of the listing firm in the manner described in the MLS Rules & Regulations.
- Confidential fields intended only for other MLS participants and users such as compensation, showing instructions or type of listing agreement may not be displayed on an IDX site.
- All listing displays on an IDX site should clearly identify CTMLS as the source of the information.
- Display of expired, withdrawn and pending listings is prohibited on an IDX web site.

Fees & Charges:

Initial Participation Fee: Each Participant will pay a fee of $XX to become a member of the
                                    CTMLS
Subscriber Fee: Each Participant and Subscriber to the service will be billed in advance for
                         $XX/month, plus tax, on a semi-annual basis.

Other fees/fines/charge may also apply. For more information, please refer to the Connecticut Multiple Listing Service Inc. Rules & Regulations document, which can be found at: www.ctmls.ctreal.com

Status Changes:

Cancelled:

Cancellations of listings prior to their expiration date can only occur if the cancellation has been authorized in writing by the seller. Cancelled listings must be entered within XX hours. Change listing status field to CANCL.

Withdrawn:

The listing broker may withdraw a listing before the expiration date of the listing agreement if the seller has authorized the withdrawal in writing. The withdrawal is required to be entered within XX hours. A withdrawal does not terminate the listing agreement. Change listing status field to WITH.

Expired:

Every listing entered in the system automatically expires at 12:00 a.m. (midnight) on the expiration date unless the expiration date under the listing agreement has been extended by the listing broker and seller and the extension has been duly entered into the MLS.

Deposit:

Listings under contract/agreement should be changed to reflect the deposit status within XX hours. If a pending sale or lease of a listed property has fallen through, the listing should be changed to "Active" status. Be aware of the expiration date on the listing. If the expiration date on your listing has passed your listing will automatically expire. If the expiration date is near, you must obtain a contract extension. Once all appropriate figures have been obtained make the modification to the expiration date field on the listing.

Show:

The listing is under contract/continue to show. Any contract contingency must be entered into the system within XX hours. Change listing status to SHOW.

Close:

Sales or leases must be entered within XX hours.

A listing that is reported sold/leased may not be modified or changed unless good cause is provided in writing to CTMLS.

New:

The initial listing status of a new listing is categorized as NEW. The NEW status appears for a period of XX days. After XX days the system will automatically re-categorize the status to ACT.

System Status Definitions:

Status Description

NEW	Default status for new listings, changes to ACT after XX days
ACT	Active/On Market
ARENT	Active Rental
TEMP	Temporarily unavailable to show but is expected to be back on the market soon
DEPOS	Under Deposit
HUBRD	Under deposit w/Hubbard Clause
SHOW	Under deposit continue to show
CLOSE	Closed/Sold property
CRENT	Rented property
WITH	Property taken off the market for a period of time. (Terms of the contract still stand)
CANCL	Cancelled (Contract has been terminated between the seller and the Broker)
EXP	Expired (Listing contract has expired)

Definitions of Listing Status:

Under Deposit/Continue to Show (SHOW):

Show status indicates: a) that there is an executed and delivered Purchase and Sale agreement or b) that there is an executed and delivered a written bilateral offer to purchase. In both cases, contingencies remain and the seller requests that the listing property remain on market for backup offers. This listing status will expire upon its expiration date.

Under Deposit (DEPOS):

The status of a listing property when the seller and the potential buyer of the listed property have either executed and delivered a purchase and sale agreement or have executed and delivered a written bilateral offer to purchase. In either case, the seller has not requested that the listed property remain marketed for backup offers. Deposit status listing shall be considered to be off market.

Cancelled (CANCL):

The status of a listed property where the listing agreement has been terminated prior to its expiration date. The cancellation of the listing agreement has been authorized in writing by the seller.

Withdrawn (WITH):

The status of a Listed Property that has been taken off the market. Each (WITH) listing remains subject to the terms and conditions of its original listing agreement and as such expires at midnight on the expiration date of the listing agreement.

Temporarily off market (TEMP):

The status of a listing where the property is temporarily unavailable to be shown but expected to be active in the near future.

FAQS

<u>Membership Q & A:</u>

- **Do I have to be a REALTOR® to join the Statewide MLS?**

    - ➢ A Broker/Participant must have REALTOR® status in a Board/Association. He/She must be a member in good standing with their Primary Board/Association of REALTORS® and must also hold an active CT Real Estate Broker's License.
    - ➢ A Subscriber must have REALTOR® status in a Board/Association. He/She must be a member in good standing with their Primary Board/Association of REALTORS® and must hold an active CT Real Estate License.
    - ➢ **Exception:** A Subscriber can be a **non-member sales person**. This occurs when a Broker/Participant pays NAR, CAR, and the Board/Association dues for the agent. In this case, the agent does not have the REALTOR® designation.

- **What is a Participant? What is a Subscriber?**

    - ➢ A **Participant** is any Designated REALTOR® who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal. A real estate firm can have only one Participant.
    - ➢ A **Subscriber** (or user) includes REALTORS® and REALTOR®-Associates® who are non-principal brokers, sales associates, and licensed and certified appraisers affiliated with a Participant.

- **Can Subscribers join the Statewide MLS if their Participant does not join?**

    - ➢ **No.** A Subscriber can only be a member of the Statewide MLS if their Broker/Participant is also a member. However, if a Participant is a member of the Statewide MLS, a Subscriber can elect to complete an MLS Subscription Waiver. A Waiver must be signed by both the Broker/Participant and the Agent/Subscriber and can only be accepted for a 6 month period. The Waiver is specifically meant for medical reasons, military service, or primary membership in another MLS.
    - ➢ If a Participant/Subscriber/Other Member of the Statewide MLS allows access to the Statewide MLS to an unauthorized individual, the Participant/Subscriber/Other Member could have their membership suspended and face a fine as determined by the Board of Directors for each occurrence.

- **What is the cost to join the Statewide MLS?**

    - ➢ Participants must pay a $XX one time non-refundable application fee at the time their application is submitted. (See CT Statewide MLS Billing and Payment Information for more details)

- ➢ Subscriber Fees are $XX a month with a 1% CT State Service Tax, totaling $XX per month. Fees are billed bi-annually at $XX.

- **Can an Assistant use a Participant's or Subscriber's ID to access the Statewide MLS?**
  - ➢ **No.** If a Participant/Subscriber/Other Member of the Statewide MLS allows access to the Statewide MLS to an unauthorized person, the Participant/Subscriber/Other Member can be fined up to $XX and have their membership suspended, as determined by the Board of Directors, for each occurrence.

- **If a Subscriber leaves an office, what should the Participant do?**
  - ➢ The Participant should complete a Member Delete Form and submit the completed document to the local Service Center.
  - ➢ The Broker/Participant should re-assign the listing(s) to another individual within the company and modify any related listing information accordingly. If a replacement agent has not yet been identified then a Broker/Participant should modify any listing under the deleted member id to their own id.
  - ➢ All contacts acquired during affiliation with the Participant's office belong to the Broker. He/She can choose to delete the contacts from the agent's ID or release the contacts to the agent. Refer to CAR's legal alert on Broker-Salesperson Relationships or CT State Law Sec20-328-10a Brokers and Salespersons.
  - ➢ The Participant should verify if the agent has an agent webpage and have it disabled through the website vendor. If applicable, new paperwork for the agent's web page must be filled out by the new Broker.

- **If a Subscriber changes companies, does he/she have to change his/her Board/Association affiliation?**
  - ➢ If a Subscriber changes offices and the new Broker is not affiliated with the agent's primary Board/Association then…
    - ▪ The agent must transfer his/her Primary Board/Association affiliation to the Broker's Primary/Secondary (if applicable) Board/Association or…
    - ▪ The Broker can choose to join the agent's Board/Association as a Secondary Member and the agent does not have to transfer his/her membership.

- **What is a Service Center and what does it do?**
  - ➢ A Service Center is a Board or Association acting on behalf of the member for the Statewide MLS. Service Centers sign up new MLS members, provide support to those members by answering questions and providing assistance, correcting listing errors, maintaining and distributing forms, providing training facilities for the MLS and dealing with ethics and arbitration matters. Lockbox administration is a function of the local Board/Association.

Compliance Q & A:

The MLS is not a means of advertising or networking. The MLS is a means of cooperation and collection of data only and should be used as such.

Participants, Subscribers and others authorized to have access to the CTMLS Service Compilation are subject to the CTMLS Rules and Regulations and may be disciplined for violations of them.

Complaints of Unethical Conduct: Matters that concern ethical conduct and licensing issues should be directed to the professional standards commission of the Board of Realtors where the Participant or Subscriber is a member, or the Department of Consumer Protection.   CTMLS cannot conduct arbitration or code of ethics proceedings regarding these two issues.

What is a Mandatory Property Listing?   Single Family homes, condominiums, townhouses, co-ops, mobile homes, vacant lots and acreage, two, three & four family residential buildings for sale, lease or exchange located in the state of CT taken by Participants on an Exclusive Right to Sell/Rent or Exclusive Agency to Sell/Rent Listing contract.

What is a Voluntary Property Listings? These are listings of real or personal property of the following types; rental properties, business opportunities, commercial income property including residential buildings of five or more units, industrial property, for sale, lease or exchange located with in the state of CT.

What are Limited Service and Entry-only Listings? Listing agreements under which the Listing Broker will not provide one, or more, of the following:

(a) arrange appointments for Cooperating Brokers to show listed property to potential purchasers but instead gives Cooperating Brokers authority to make such appointments directly with the Seller(s);
(b) accept and present to the Seller(s) offers to purchase procured by Cooperating Brokers but instead gives Cooperating Brokers authority to present offers to purchase directly to the Seller(s);
(c) advise the Seller(s) as to the merits of offers to purchase;
(d) assist the Seller(s) in developing, communicating, or presenting counter-offers; or
(e) participate on the Seller(s) behalf in negotiations leading to the sale of the listed property

Limited Service & Entry-only Compilation Listings will be identified with an appropriate code or symbol in MLS (LS or EO) so potential Cooperating Brokers will be aware of the extent of the services the Listing Broker will provide to the Seller(s), and any potential for Cooperating Brokers being asked to provide some or all of these services to Listing Brokers' clients, prior to initiating efforts to show or sell the property. Limited Service & Entry-only Compilation Listings shall also contain Seller contact information and showing instructions in the Agent to Agent remarks field only.

Can Out of State Listings be put into the MLS? Listings from any state that has reciprocity with the state of CT can be put into the MLS. An offer of cooperation and compensation on the "out of state" property may be made on CTMLS with something in the agent remarks stating: ""Out of State"

license, which may be obtained from "out of state" State authorities on a reciprocal basis, required to show or sell this property ." Additional questions should be referred to the CAR legal hotline.

Entering a listing late: CTMLS Rules and Regulations state that Mandatory Exclusive Right and Exclusive Agency listings must be entered into the CTMLS with in XX hours of obtaining all necessary signatures. Please note that this is not only a CTMLS violation it is an Article 3 Code of Ethics violation and is considered one of our more serious violations. If a listing is to be entered late then the listing agent/broker should complete a "Withhold Listing" form. The seller & Broker/agent must sign the form and provide it to their local Service Center. If the listing is not to be show until a later date, then the listing can be entered with the respective listing date and put on TEMP status and in agent to agent remarks put in showings to start on "--/--/--".

Can I put "No Showings until "future date" and keep the listing on New or Active status?
No. Listing agents/brokers shall not, "'misrepresent the availability of access to show or inspect a listed property " (Article 3 Ethics violation 'A misrepresentation of the availability to show'). What the listing agent should do is put the listing on TEMP status until that stated date, then put it on active.

What if the Seller does not want to put a listing into the MLS? Should the seller wish to have the listing not go on the statewide MLS for a period of time or for the entire listing period, the listing broker can fill out a Withhold Listing from MLS form, have seller sign it and fax it to their Service Center and the CTMLS. This form is found on our web site at www.ctmls.ctreal.com under Membership and other forms.

Can I list a property in more than one town?   A property can be listed in more than one town only if it is physically located in more than one town or the street on which the property is located can only be entered from an adjoining town.   The first line in the "Remarks" section of the adjoining town Listing must clearly indicate the town(s) in which the property is physically located and the municipal school system(s) serving the property. When the property is sold only one listing can be closed in the MLS. The listing in the adjoining town must be deleted. Deleting a listing can only be done by CTMLS staff.

Can I list a property in more than one category? A Listing may be added to the MLS in more than one property category only if each listing entry cross references the MLS number(s) of the other listing entry or entries via the Remarks field. The sale of a property which is in more than one category will only be reported in one category and additional entries will be removed from the Service. When the property is sold only one listing can be closed in the MLS. The other listing must be deleted. Deleting a listing can only be done by CTMLS staff.

Availability of Listed Property*:* Listing brokers shall not misrepresent the availability of access to show or inspect listed property.

How long do I have to change an expired listing to a different status: Any listing filed with the Service automatically expires as of midnight on the expiration date specified in the listing agreement,   An expired listing may be reactivated if, within XX (XX) days after the original expiration date of the listing, the listing agent/broker edits the listing by changing the EXP status to it's respective

status and inputs the correct expiration date. The listing agent must obtain written authorization extending the original expiration date, signed by the Seller.

How long do I have to file a change of status on a listing: The MLS requires all status changes to be completed within forty-eight hours after all necessary signatures have been obtained. Should a Participant discover that they have not reported a change in status prior to a fine being issued; they may correct the error and must immediately contact the MLS department with the information by email, phone or fax to avoid a fine.

What is a PUD? A PUD is a Planned Unit Development with individual lot ownership and shared ownership of common areas. These should be input as Residential listings and closed as such. Outside/Exterior maintenance is owners responsibility. Condos are exterior worry free, PUDs are not.

Duplicate Listings: By filing a listing with the Service, a Listing Broker represents, among other things, that, to their knowledge, the Seller has entered into a Listing Agreement with no other broker. Consistent with that representation, a broker may not file a Listing with the Service for a Listed Property that is already the subject of a Listing Agreement with another broker.

If such a duplicate filing is made, and if the Service becomes aware of it, the Service may request the listing agreements from both Participants/Subscribers. The service will place both listings on Withdrawn status until, upon review, it is determined which listing is the valid listing and delete the duplicate Filing from the System. If the service does so, the service shall notify both the original Listing Broker and the Broker that made the duplicate Filing, of its action.   Any dispute between Participants or Subscribers that arises out of a duplicate Filing shall be resolved between both parties.

There are instances where sellers will request the property to be co-listed with two separate brokers/firms arising in duplicate listings. In this situation, the brokers must notify CTMLS in writing and the listings must be cross referenced including MLS# and co-listing agent name and contact information.   When the listings close, only one can be closed out and one must be deleted from the service. Deleting a listing can only be done by CTMLS staff.

Mill Rates: CTMLS does not update the Mill Rates for towns until late September. The State of CT does not certify towns on an individual basis; it is done at one time. Until this is done, Mill Rates can be manually changed in the Mill Rate field on MLS. This is the field labeled MillRate-LMM. The Mill Rate LMM (Listing Maintenance Module) field should be left alone even if populated with an incorrect number. It does not print on any of the reports.   You may over-ride the Mill Rate field with the appropriate town Mill Rate information. Entry in the assessment field information entered in the Mill Rate will calculate listing taxes automatically.

Can I export mailing information from the MLS Tax Data? Subscribers and Participants do not have the option to "export" tax data from the CTMLS Tax Data for copyright reasons. However, they do have the option to print labels.

Can a broker place a sign on a property that is not listed yet? Yes as long as the agent/broker has the home owners permission.

Can a Cooperating Broker place a sold sign on a property they just sold? Yes, as long as the agent/broker has the new home owners permission.

Do you have a list of unacceptable/acceptable wording regarding Fair Housing: No, CTMLS does not provide this information. Information regarding CT Fair Housing Laws can be found at http://www.ct.gov/opapd/cwp/view.asp?a=1756&q=277248.

With respect to what words can be used in the Property Remarks Field on the MLS; As a general rule, MLS listings should not contain words that express a preference based on a protected class, they should be used to describe the property not the buyer/tenant. NOTE: The exceptions stated on the CT Fair Housing site in the "Illegal Housing Discrimination – A Summary" table, these exceptions listed belong to the owner and do not belong to the agent. The agent represents the seller/landlord, however, it is up to the seller/landlord to legally and prudently screen buyers/tenants.

Wording such as "executive neighborhood", "family neighborhood", "large yard for kids", "great home for family entertaining", "perfect house for couple" are a few examples of unacceptable descriptions. Even though "executive" is not a protected class, it is a description of a buyer.

What can and can't I put into the REMARKS Field?
The Remarks field should only be used to describe the property, not the buyer/tenant.

No Broker(s), agent(s) or agencies may be named or identified, company logo's, or any web (URLs), branded or unbranded virtual tours, e-mails, telephone numbers, voicemail addresses, other personal identification or other form of identification or means of contact be included. No seller may be named, identified or means of contact be included. Non members such as builders, or banks and bank requirements/contact information shall be identified.

Sensitive information such as lockbox combinations and home security system access codes shall not be included. Further, no information shall be entered into the Service Compilation which would violate any municipal, state or federal order, ruling or statute. The Service retains the right to correct any violation of this regulation.

Can I put No Smokers? Smokers are not yet a protected class so agents/brokers can say "No Smokers" however, "No Smoking" is the more preferable way to phrase the request.

What is a compliant virtual tour? Virtual Tours must be generic, about the house only. They can not have the broker and or agent's name, picture, contact information, logo's, URL's, a means by which buyers can "contact me" or "email me" or "set up showings". Only photographs, site plot, property sketch, property line art or survey of the property can be entered in the virtual tour and all photo fields. Foe example: http://vt.realviz360.com/mls-64212-html

Agent's web address contains their name but their tours are not branded, is this acceptable? Yes, an agent has the right to purchase their own name as a web address. CTMLS can not force agents to purchase a second web address just because their name is in it.

What listings require photos? Mandatory listings (residential, 1-4 family, mobile homes, condominiums, co-ops, town houses) require at least one front exterior photo to be filed within XX hours of the start date of the listing agreement.

What listings do not require photos? Lots and vacant land, commercial, business for sale, rentals, new construction (note: photos of properties listed as "proposed new construction" or "under construction" are required to have photos once construction has been completed.

How to meet the photo requirement: 1) A digital photo may be entered directly through the MLXchange system computer to the system. 2) A digital photo file(s) in ".jpg" file format may be emailed as an attachment(s) to the Subscriber or Participants service center.

How long do I have to input photos: For Mandatory listings, Participants and Subscribers have XX hours from the time the listing was signed by all parties. Non-Mandatory listings do not require but are encouraged to have photos.

Can I borrow photos from someone else's expired listing for my new listing? No. Broker/agents will hire vendors to take photos for them. Consequently those photos then become copyrighted. Even if the agent took the photos themselves the photos may not be "borrowed" unless the previous broker/agent has given written permission.

What is a Branded Photo? A branded photo is a photo that has some form of contact information such as builders names and phone numbers, agents/brokers names, logo's, phone numbers. As a general rule, CTMLS does not permit any company signage in photos. If the photo is the only photo in the listing, the MLS will request a replacement photo.

Can I use another Cooperating brokers photos in my flyers/marketing material? If agents want to use another brokers MLS listing in their marketing material, then they must obtain written permission from the listing broker first.

Regarding Solds, the CAR Hotsheet Legal Tip from Volume 13, Number 1, January 4, 2008 regarding "Advertising "SOLDS" from the MLS and Using Photographs", states:

"1. "Solds" from the MLS are not the equivalent of a public record and therefore cannot be used for advertising. Information used must come from the land records and not from the MLS and must carry a disclaimer in at least the same size font as the advertising indicating that display of a property does not constitute a claim that the REALTOR® sold the property.

2. Photographs: When using photographs in advertising, obtain permission from the current owner first. CAR has see two complaints filed by property owners who had photos of their properties displayed in post closing ads with out their permission."

I have a listing that is going to Auction; The seller is requiring me to put it on the MLS. If the listing is an Exclusive Right or Exclusive Agency listing it can be put into the MLS only after the auction has occurred. The seller would sign a Withhold a Listing Form which should indicate the form being effective from the listing date to the auction date. A copy would be faxed to the local Service

Center and the CTMLS. After the auction has occurred and the property is not under contract, it can be put into the CTMLS. Open listing are not permitted on the MLS.

Seller has an accepted contract on the listed property and wants to keep the listing active in the MLS, can this be done?   Article 3, Standard of Practice 3-6, in the Code of Ethics states: REALTORS® shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation. This is done by using the contingency status code-SHOW (refer to CTMLS Rules and Regulations, Attachment B). By using these designated status codes, listing agents are giving notice upfront to cooperating brokers and appraisers alike.   It is important for brokers/agents to remember that there is considerable frustration felt by buyers who specifically request to not be emailed or notified of properties, via automatic searches, that are under contract. To them it is misleading and reflects poorly on their agents.

Can listings be deleted from CTMLS? The only time a listing can be removed from CTMLS is if the listing was entered in error, such as a duplicate listing. All listing data and information filed with the Service shall be retained in the system and shall be accessible to Participants and Subscribers. The purpose of CTMLS is to provide timely and accurate listing information to MLS members, and through them their clients.

How long does expired listing information remain in the system? Currently the expired status listings are stored in the system for an indefinite period of time.

Seller Concessions: why is the dollar amount not required? The dollar amount of a Sellers Concession is not a required field because, unlike the selling price, it is not public information. Contact the listing agent to obtain the exact concession amount.

How do you input the co-broke when the seller says they will determine commission based on the offer? *Seller states that they will pay 6 apples for full price offer and less apples, depending upon what they decide when an offer comes in; how should that be addressed in the MLS so that the Realtors® are aware of it???*   The co-broke that is offered or made in MLS is that of the listing brokerage and not that of the seller.   How the seller wishes to pay the listing broker has nothing to do with the listing broker's obligation to pay a stated co-broke which can be expressed as a percentage or a dollar amount.

What is a Dual Variable commission? Does it have to be disclosed? Dual or variable rate commission is where one amount of commission is payable if the listing broker's firm is the procuring cause of the sale/lease and a different amount of commission is payable if the sale/lease results through the efforts of a cooperating broker or the landlord. If the listing broker is asked for the differential that would result in the transaction, it must be disclosed.

How do I give notice of Short Sale? Enter a Y in the "Potential Short Sale" field. The entry of a Y will additionally allow extra space to enter potential short sale comments. This puts cooperating brokers on notice about the sharing of any reduction in gross listing commission required by a lender.

Commission paid on Net. "Commission Paid on Net" is a very vague statement.   According to CAR, there is actually nothing that dictates whether the cooperating broker percentage is paid on the net. The statement begs the question "Net of what?" Agents should be more specific or omit the statement completely.

Commission statements in the "Remarks" or "Agent to Agent" Remarks field:
X% Commission based on acceptable offer. Acceptable offer has nothing to do with what the listing broker's obligation is to pay the cooperating broker fee that is stated in the MLS. Conditions can not be placed on an obligation to pay.   Both the CTMLS Basic Agreement and NAR MLS Policy require payment to the cooperating brokerage that is the procuring cause of the successful transaction. This statement should not be put into the MLS.
"Commission due and payable upon transfer of title only" or similar statements: These statements should not be put into CTMLS listings. Connecticut Association or Realtors Attorney, Eugene Marconi indicates if this is being done to limit the listing broker's liability to the buyer agent's to closed transactions, it is superfluous as to the CTMLS Basic Agreement and NAR's MLS Policy states that the buyer agent must be the procuring cause of the successful transaction. If it is being done to limit the listing broker's liability to instances where the listing broker collects the entire commission (in other words, no short sale), it is ineffective since long-standing NAR MLS Policy states that the risk of collection is on the listing broker. Additional questions regarding this should be directed to Attorney Eugene Marconi at CAR.

Can an Agent/Broker say "No Commission will be paid to Selling Agent or Broker if they're buying the property or are affiliated with Buying Entity"? Listing Brokers can not place conditions on their obligation to pay a co-broke fee stated in the MLS to the cooperating broker. This statement is contrary to the "Basic Agreement" set forth in the CTMLS Bylaws. Both NAR Policy and the Basic Agreement require payment to the cooperating brokerage that is the "procuring cause of the successful transaction.

The bank requires brokers/agents to put bank conditions in the MLS: While many banks may require the above statements, "commission due and payable upon transfer of title only", along with their requirements, name and contact information, to be put into MLS listings, as non subscribers to CTMLS, banks can not dictate what information should or should not be in the MLS. Bank names, contacts and contact information and requirements should not be placed anywhere in the "public" fields in MLS. Please remember, the "Property Remarks" and 'Additional Remarks" fields are for remarks about the property only. If a bank name needs to be placed in the listing it should be done in the "Owner Name" field or in the "Agent to Agent Remarks" field only.

Can I put "none" in the Buyer Broker field on the MLS? The purpose of MLS is Cooperation and Compensation. If a listing is input on MLS, the Listing broker must offer cooperating broker compensation, no exceptions. The Buyer Broker field will only accept a % or dollar amount.

Can agents change commission? CTMLS Rules say that, yes, brokers can, from time to time, adjust the commission, but must give advanced published notice to the service so that all Participants and Subscribers will be advised.   The Code of Ethics states that the listing broker must provide timely

notification of changes to the offer of compensation. It also states the general rule that the cooperating broker commission offered is locked at the time the offer is submitted.

As a general rule, agents/brokers should print the MLS Agent fact sheet prior to submitting an offer, when the offer is accepted and the day before the closing. Issues regarding changes to the co-broke that have been made to the listing with out notice being given is an ethics issue and should be directed to the professional standards commission of the Board of Realtors where the Participant or Subscriber is a member.   CTMLS cannot conduct arbitration or code of ethics proceedings regarding this issue.

Can CTMLS tell me when another agent/broker made a change to their listing? No, CTMLS is a subscriber based service; therefore the information is between CTMLS and the listing broker/agent.

Can CTMLS tell me what fine was imposed on another Subscriber or Participant? No. CTMLS is a subscriber based service, any fines that may be imposed by us on a Participant or Subscriber is a matter strictly between CTMLS and that Subscriber/Participant.

MLXchange Q & A:

1) **What is the Par ID and why is it important?**

   The Par ID is the Property ID that is found on the tax record in MLXchange. It is important because it matches the property address to its property history.

2) **How do I enter the PAR ID into a listing?**

   When entering a listing you will be faced with a Tax Autopop window. When this window appears, click ok. When the webpage dialog box appears, enter the county, the street number and address without the zip code. Click ok to review the results. Verify the record for the correct owner then select the property and click ok. The Property ID will pre-fill into the PAR ID field. A number of other public record fields will transfer into the listing from the tax record. Do not rely on the tax record for accuracy. You should always refer to the field card obtained from the local town Assessors office.

3) **How do I change my Email Signature in MLXchange?**

   To change your Email Signature:
   - Click the Settings tab in the upper right hand corner of MLXchange.
   - Click Personalize
   - Click Contact Information.
   - Make any necessary changes to your email signature field. Changes may include font style, bold or underlining.
   - Click Save

4) **How do I add my photo in MLXchange?**
   To add your Agent Photo:

   - Click on Tools
   - Click on Images
   - Enter your user ID and click on the green arrow
   - Click "Add new image" which is found under the Agent Photo Box.
   - Click Browse and find your picture.
   - Highlight your picture and click open.
   - Click Save.

5) **Where does my photo show up in CTREAL.com?**
   The Image will appear under the Details section of CT**REAL**.com, as the listing agent for the property. Personal Images are updated on CT**REAL**.com on a weekly basis.

6) Is there a manual for MLXchange? Where is it located on the system?

Yes, there is a manual for MLXchange.
- Click Resources
- Click on MLX MLXchange Support: 1-888-825-5472
- Click on Documentation and select the 4.3 User Guide

7) Where do I configure or add the Showing Assist program?

Showing Assist is found on the Home Page under Resources
- Click Smart Links
- Click Configure Showing Assist.
- Under the Agent Set-up check the ON box to turn on "Showing Assist"

8) What is CTREAL.com?
CTREAL.com is a public website for consumers to use for searching Connecticut properties.
Listing content and listing photos are updated daily. Personal information changes are updated
weekly.

9) Is CTREAL.com the same as MLXchange?

No, MLXchange is the system REALTORS® use to implement their listings and set-up client
searches. MLXchange is a REALTOR® database only, and requires membership.

10) What do I do when the mill rate changes?

To adjust the mill rate go into the edit mode of the listing, and type over the MILL RATE field.
Please note, there are 2 MILL RATE fields one says, "Mill Rate LMM". This field should not be
touched and the original entry should remain. Only the second field that says, " Mill Rate"
should be adjusted.

11) How do I submit listing photos?

Once the agent generates a Multiple Listing #, photo's can be added to a listing. To add a photo:
- Click Tools
- Click Images
- Click Listing Images
- Enter the MLS Number
- Click the green arrow
- Click Add New Image
- Click Browse to find your photo on your computer
- Double Click on the Image
- Click Save.

12) How do I use the search map?

The ability to Search Map can be found by clicking on the Search Map tab at the top of the search form. Search Map is also available in the tax search function.
Right click on the Search Map. Once the map view appears, choose from the three different mapping tools.
First pan the map to the location you want to search. It's very important to drill down into the map area you wish to search. To do this use the zoom controls and zoom to your desired location.

-**Rectangle:** To draw a rectangle, left click on the "Draw Rect." in the Map tool located in the gray area underneath the map. Take your cursor to the area where you will begin to outline and start. Left click and slowly pull the desired box to the size that covers the area you wish to search within. (A red circle will allow you to clear your shape at any time) Matches found will appear on the bottom.

-**Circle**: To draw a circle, left click on the, "Draw Circle" within the gray area underneath the map. Take your cursor to the area where you will begin to outline and start. (The circle will allow you to do a radius search, indicating how many miles you are from your starting point.)
Left click, and pull the circle to your desired size.
Matches found will appear on the bottom.

-**Polygon:** To draw a polygon, left click on the "Draw Polygon" area underneath the map. (This tool works well for outlining areas). Take your cursor to where you would like to begin, and left click once. A blue dot will appear at your starting point. Outline the areas that you want and double-click on your original blue dot to close the shape and end your search.
Matches found will appear on the bottom.

To clear any map shape, click on the red circled x in the gray area below map that says clear shape.

13) How do I use search map locator?

To use the search map locator go to the Search Map tab. Once in the map, select the Locator tab in the upper right corner of the map. A box will appear, use the drop to select what you will search for (Address, MLS number, Zip code/postal code, Business/ Point of Interest). Type in your information in the fields. The map will locate your selection and if you click on the location, it will center the address and put an orange flag to indicate the location on the map.

14) How do I put together a CMA? (brief steps)

- Click on CMA on the Navigation Tool Bar
- Click on New CMA button at the bottom left

1. **Getting Started:** - This opens the CMA Wizard: Select the Type of CMA, Property Type, and Client. Then click the Next Step at the bottom right.
2. **Sub Prop:** - Enter the Subject property. You can enter it manually using a field card or import from MLS Search or Tax Report. Add the property photo and as long as the address with zip code has been added the map will pre-populate. Click the next step.
3. **Comparables:** - Search for comparables using the search form. Enter criteria that match your subject property, or use the Search Map to find properties. Once you obtain results, select those properties you wish to compare, "Add selected records as Comparables". Click next to proceed.
4. **Adjustments (Optional):** - Add Adjustments. Scroll to the bottom under the Adjustment Description column., type the adjustment item (i.e. garage), then indicate under which property has the item (1) Subject or comparable, then enter the adjustment amount in the last column (if the comparable has the item you would use a minus or negative symbol in front of the value). If the adjustment is for the subject property it is a positive value. No additional symbols are required. Complete all adjustments for all properties where applicable. Click next step.
5. **Pricing:** - Select using the drop down menu how the system will calculate the suggested list price or enter a manual price. Click next step to continue.
6. **Netsheet (Optional):** - For Seller Net Proceeds. Click next step.
7. **Selected Pages:** - Only use this step if you need to remove or add pages or manipulate pages in CMA-if not, go to the next step.
8. **View Report (Optional):** - View all the reports in the CMA. Edit, Print, or Email the CMA.

15) How do I configure my own personal hotsheet?

From the Home Page look for Today's Hotsheet.
- Click "Change my criteria"
- Select the sections, property types, and area (towns), you want to view in your hotsheet report daily.
- Once complete, use the Action drop down menu and select Save Criteria
- Click the green arrow.
- Go back to the Home Page and click the "Refresh" link. All updated information will now appear.

16) What are the differences in the Hotsheet types?

- Select the Daysback Hotsheet to view the previous day(s) Hotsheet information by indicating the number of days back. The Daysback Hotsheet can only retrieve information up to 14 days back. "0" is today.
- Use the date range hotsheet to review exclusive information between a range of dates up to 14 days back.

- The Personal Hotsheet assigns a time/day stamp to your Hotsheet and will automatically generate Hotsheet activity back from the last date/time you ran a personal Hotsheet. This is the most desirable Hotsheet choice.

17) How do I clear new prospect matches?

From the Home Page, go to the Prospecting Box in the upper right corner.
- Click on "New Prospecting matches"
- Click the Green Arrow next to the Action Menu
- View Search Results. Notice the items on the list with yellow highlighting indicate "New Matches"
- Check the boxes off for these and click on the "Mark as Viewed" tab in the gray area under the grid. This can be done for all searches.

18) How do I renew a autosearch which is due to expire?

Prospect notifications expiring in 5 days will appear as an alert on your MLXchange Homepage.
- Select Prospect search you would like to extend.
- Click on the drop down Action menu – Search & Auto Notification Settings
- Make a change to your notification settings. A recommended change would be to scroll down to "Auto Notification Setting" section and change, "Auto notification will expire in <u>XX</u> days to <u>90</u> days- the maximum amount of time.
- Click Save.

When your return to the main page, review the Prospect Notification which you changed and ensure the "expires on" column reflects your change of 90 days.

When modifying a prospect search you may only change one at a time.

Prospect searches expire at 90 days but do not purge from the system, so you may renew at any time.

19) How do I enter a client?

Go to the Clients tab on the Navigation Tool Bar. Click on the "Add New Client" tab. Enter the information for the client, including email address for future email notifications. Once all data has been entered click Save.
(Please note future notes can be added to the client record with the time and date stamp, using the "Add a Note" feature).
Clients can be added, modified or deleted at any time in the Client Manager by using the icons on the bottom right.

20) How do I save email history?

The email history can be saved in the Client Manager. To maintain email history:

- Click Clients from the Homepage.
- Select the Client that requires email history changes.
- Click Details. Five folders will appear in the Client Record.
- Click the tab "Email History". Any future email will be listed by date order once email history begins to accumulate.
- Click on the email under subject, and original email will be available for viewing, Client Email:
  To review any email sent to a client click the email history tab.
    - Click "Clients" tab from the Homepage
    - Select the Client you wish to review history for
    - Click "Email History" tab
    - Double click on a specific email message.

21) How long are prospects stored and how can they be removed or deleted?

XX Days is the maximum time limit a prospect can run where automatic email notifications are sent to the client.

How do I setup a Prospect Auto-Notification Search?

- Click Search on the Navigation Tool Bar on the Home Page.
- Enter the desired search criteria for your client or use the Search Map.
- Click Results
- Click Save Search from the Action Menu at the bottom left of the screen.
- Go to the next page:

- **"Saved Search Settings"-How to set-up notification.**
    - Assign the Search a name i.e. Jones-Res
    - Type a description of the Search (optional or use as notes)
    - **Link to Client:** - Use the drop down menu to select an existing client or create a new client to attach the search by clicking "New Contact"
    - **Use Auto Notification:** - Click Yes to indicate that Auto-Notification can be turned on to notify your client when new properties are added to the MLS that meet their criteria.
    - **Client Notifications**: - Click "Send Notifications" and verify that your client name/email address is correct in the box below.
    - Select the listing report(s) that you would like your client to receive.
    - **Save History of Email Notifications:** - Click Yes to indicate the preference of saving email history. This is a very valuable option to have a trail of any listings that have been sent to your client as a reference.
    - **Agent Notifications:** - Select – Send Notification to Agent if you would like to receive email notifications. Select the listing report(s) that you would like to receive.

o **Auto Notification Frequency:** - Indicate the frequency of email messages. Recommended setting should be ASAP.
o **Resend Notification Email:** - Select for your client if you would like them to receive updates, when photos are added, and if there are any price changes. It is recommended to select both options.

- **To turn off the Notifications:**
  o Go to the "Client" tab from the Homepage
  o Select the Client.
  o Go under the Search tab on the Navigation Tool Bar that you would like to disable the search for.
  o Click Details
  o Click the Search Tab
  o Under the Action drop down, select Modify and click on the green arrow.
  o The "Saved Search Settings" page will appear. Under the Use-Auto Notification, select NO. The notification has now been turned off. Note: Searches can also be deleted using the Search Tab by Search file in the client manager by selecting delete under the action drop down menu.
  o Select the Search you wish to disable

22) How do I use the ML# Search or Address search from home page?

- On the Home Page go to the "Find a Listing" Box.

  Address Search- Enter the street number and street name, click on the green arrow to find the properties(Check off "On Market Listings only", if searching for current active listings inventory)

  ML#-Enter the Multiple Listing number(s) to search for property by a specific number. You may enter up to 20 ML #s at a time

  Please note that the find a listing Search is meant to allow you to quickly locate a property listing, the ML # or address only. Searches where you wish to include town should be prepared through the regular property type search options.

23) How do I run an inventory watch?

Find the Inventory Watch Box on the Homepage. Choose from Active, Expired, Pending listings, Pending Sales, Sold within 6 months, Office Activity. Select the specific inventory category you wish to review. This information will give current inventory records for agents and office.

24) How do I run a basic closed search?

Go to the "Search" tab on the Navigation Tool Bar:
- Select your property type from the search type menu option.

- Enter Criteria on the Search form/or use the Search Map.
- Select and enter property criteria, including the closing date.
- At the bottom right select Details. The Results Grid will appear. (To go back to adjust the criteria, left click on the "Criteria" icon at the bottom right).

Be sure to select "Close" status only. Additionally enter a closing date.

25) How do I use the statistic icon?

To use the statistic icon, go to the Results Grid and enter criteria for your search. One can go into the Statistics icon at the bottom right of the Results Grid, and view all the properties broken down by status, (Active, Under Deposit/Continue to Show Listings, New Listings). The statistics provided will include items such as; Beds, Square Feet, Listing Price, Listing Price divided by Square Feet, Selling Price, Selling Price divided by Square Feet, and Days on Market. The stats icon is a quick way of reviewing information such as high listing price, beds, low sales price, square footage, average list price per sqft, average sale price per sqft and Days on Market. The statistics icon can be printed.

26) How do I run a tax search? How do I run labels from the tax search?

Using the Tax Search to View Tax Records
- Click on "Tax" on the navigation tool bar. Enter search criteria to obtain your tax records. For best results, search using County, Property Street Number, Property Street Name (do not use Rd., St., or Ave.), and Property City (do not use zip code).
- Click "results"
- Check the box next to the correct property
- Click "Details" (bottom right corner)

Printing Mailing Labels from Tax Records using Tax Form
- Click "Tax" on the navigation tool bar
- Use the Tax Search Form to search for properties on a specific street by filling in the County, Property Street Name, and Property City
- Click "Results".
- Select the properties you wish to make labels for by putting a check mark in the box <u>or</u> to select all properties click the black check mark at the top of the grid.
- Click "Details". This will open up the first tax record
- Change the Report (top left corner) to either "Owner Mailing Label" or "Property Mailing Label"
- Click "Print" (bottom right corner)
- Select either a "Single Page" or "Selected Properties" (to print all)
- For "Label Style" choose the correct Avery type.
- Click "Print"
- Click on "Tax" on the top navigation tool bar

Printing Mailing Labels from Tax Records using Tax MAP

- Click on "Tax" on the top navigation tool bar
- Use the Tax Search Form to add the County and zip code of the town you will be searching on the map for.
- Click on "Map Search"
- Pan your Map to find the location you would like to pull mailing labels from.
- Use the rectangle, circle or polygon to highlight the area of your search then click "results".
- Select the properties you wish to make labels for by putting a check mark in the box or to select all properties click the black check mark at the top of the grid.
- Click "Details" (bottom right corner) this will open up the first tax record
- Change the Report (top left corner) to either "Owner Mailing Label" or "Property Mailing Label"
- Click "Print" (bottom right corner)
- Select either a "Single Page" or "Selected Properties" (to print all)
- For "Label Style" choose the correct Avery type. Click "Print"

27) **How do I use the price up and down indicators?**

On the results page there is a Price Filter located at the top right of the page. The Price Filter will allow you to filter by list price. To do this, click the Price arrow to display the slider control, click and drag the markers to change the upper and lower limits of the price range. The Search Results list automatically updates to only show listings that have a list price within the selected range.

28) **What type of charts are available?**

CHARTS
There are two types of charts available:
  - o Market Area Activity — create three levels of geographical chart for a single listing record.
  - o List Price vs. Sale Price with DOM comparison — create a chart comparing the list price, sale price and the number of days on market for multiple listing records (Maximum 20).

To generate a chart for a single listing record:

1. From the listing Search Results page, select one record in the list and open the details of the property.
2. Click on the Charts icon on the right menu.
3. From the drop down Menu select from the Chart drop-down list one of the following:
   - o Market Area Activity by Town, County or Service Center or List Price vs. Sale Price with DOM Comparison — charts the sales activity based on the list price, sale price and number of days on market for up to 20 properties.
4. To cut and paste this chart into another program:

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- Click the Copy Chart to Clipboard button when you are ready to insert the chart, press CTRL + V to paste from the clipboard.
- Click Print to send this chart to the printer. A standard Windows Print dialog box opens.
- Choose your print settings and click Print.
- Click Close to exit the Chart dialog box.

Market Area Activity Charts

Market Area Activity charts are generated for a single listing and compares the number of Active, New and Sold listings against the Average Sale Price in 000's over a period of years for a specific geographical area. You can narrow the geographical area to three levels, each getting progressively more specific.
Price Comparisons to DOM Reports

List Price vs. Sale Price with DOM comparison Charts

List Price vs. Sale price with Days on Market Comparison charts are generated for multiple listings and compare both the List Price and subsequent Sale Price against the number of Days on Market (Z-axis) and subsequent Sale Price. Based on MLS or CMA data, this chart can be inserted into your CMA presentations to justify the List Price of a property.

29) **Can I get Driving Directions to a property?**
   MLXchange gives you the power to create step-by-step driving directions that will guide you and your clients on a buyer's tour.

 To create a set of driving directions:
1. From the Search Results screen, select up to 10 listings that you want to include in the driving directions

2. Click the Directions Action button. The Plan Route dialog box opens.

3. If you want to define a starting point other than the first listing:
   o Click the Add My Office button to enter the address to the list as the starting point.
   o Click the Enter Address button to manually add one or more addresses to the list.

4. To modify an address, highlight it in the list, then click the Edit Address button. The Add Address to Route dialog box opens, displaying the address in an editable form make changes to the address, city, state, zip or country, then click OK.

5. To arrange multiple listings in the order you plan to see them, highlight a property in the list, then click the Move Up or Move Down buttons. Click Remove Location, to omit a property from the directions, click Clear List to delete all listings from the list.

6. Select the "Make this a round trip check box", if applicable.

7. Click the Display Directions as drop-down list and select a format:

Instruction Text Only — this option creates a report with a single large map and point-to-point instructions, Text w/ Overview Map — this option provides the same information as Text Only, plus individual maps for each segment of the trip.

8. Select the best route. Route Options include: Fastest Route, Shortest Route, and many more.

9. Display distances in either Miles or Kilometers.

10. Click OK and the driving directions are displayed.

11. Click one of the following buttons to perform more tasks:
    • Plan Route — enables you to return to the Plan Route dialog box.
    • Reverse Direction — enables you to plan the trip back to the starting point.
    • Print — lets you print the driving directions.
    • E-mail — lets you e-mail the driving directions.

12. Click Close.

30) How do I report a Data Error?

When reviewing property listings in the MLXchange, the Broker/Agent has the ability to report any discrepancy or error found in the listing to the Compliance Assistant at the Connecticut Statewide Multiple Listing Service and at the Board of REALTORS® from which the Listing Agent belongs. On the right side of the listing notice the "Report Data Error" button to the left.
- Click on the link to report data error. The email webpage dialog box appears.
- Type your complaint to be emailed; the ML# being referenced will already be in the body of the email.

31) How do I add an Open House? How do I Advertise an Open House for my listing on the MLXchange?

- From the Homepage, Click "Modify or Add New Listings"
- Enter the ML# of the property
- Click on the "Open Houses" folder
- Click on the "Add an Open House" button
- Fill in necessary fields and click "submit"

32) How do I search for Open Houses in my area?

- From the home page click on the "Search" tab of the MLXchange navigation tool bar
- Under "Search Type" choose "Broker/Open House"
- Use the "Search Form" to enter appropriate criteria.
- It is recommended to use either or both an area/town and desired Broker/Open house date.
- Click "Results" (bottom right corner)

Appendix C

THE MLS BILL OF RIGHTS

PREAMBLE

The rights and privileges enjoyed by participant brokers of a Multiple Listing Service derive their authority from the consent of Participants to being governed. This Bill of Rights establishes and protects the guiding principles of the Participants of the Connecticut Statewide Multiple Listing Service, Inc.

FOR REALTOR® PARTICIPANTS

I have the right to do business in the state where I am licensed to practice real estate. Boundaries between MLSs are a barrier to my business.

I have the right to own my listing data. The MLS may copyright the compilation of the data to protect it, but the ownership lies with the broker.

I have the right to timely, accurate MLS data.

I have the right to expect that the MLS will act in the best interests of the Participants, and through them, the Subscribers. Timely payment of my MLS fees and my adherence to the MLS Rules & Regulations should guarantee this right.

I have the right to representation on the governing body of the MLS. Through a fair and impartial election process, Broker representatives from large, medium, and small firms should share equally in governance.

I have the right to advertise and distribute my company's online listing content as I see fit within the Rules & Regulations. The MLS may charge a small administrative fee for providing such service or capability.

I have the right to an IDX, VOW, and/or Broker Download feed and/or access. The MLS must make available easy and inexpensive access to one or all of the above at my request.

FOR THE PUBLIC

The public has the right to expect that their REALTOR® can provide every active listing of every MLS participant in the state where they are licensed. Boundaries between MLSs are a barrier to public knowledge and constitute an inaccurate and misleading picture of the real estate market.

The public has the right to expect that their listing will be available to all REALTORS® in the state. Anything less constitutes an unacceptable limitation on the services expected of a REALTOR® professional.