Frequently Asked Questions about the calREDD® and Multi-Regional Multiple Listing Service Inc. (MRMLS) Proposal for the Statewide MLS

1. **Why are MRMLS and calREDD® joining efforts?** calREDD® and MRMLS share a common vision of one REALTOR® association-controlled statewide multiple listing service (MLS) to serve California real estate professionals. Combining their respective strengths and resources will significantly accelerate this shared vision and position the new entity to deliver even more expanded and efficient MLS services for members.
2. **What are the next steps to move this initiative forward?** The respective boards of calREDD® and MRMLS have agreed to a governance framework for a new entity to operate as the statewide MLS and have tentatively reached agreement on the business terms for the transaction. The C.A.R. board of directors will be asked to approve the proposed governance and terms of the transaction for the new entity at their meeting in June, 2010. As part of the request to approve this transaction, additional approvals for modification to the current CALMLS articles of incorporation and bylaws and related motions will be presented for C.A.R. board approval. Of course, full details will be provided as part of the packet for approval.
3. **How many members would be served by the proposed entity?** The new entity would serve more than 33,000 real estate professionals and 22 REALTOR® associations.
4. **How will the proposed change impact services to calREDD® and MRMLS members?** Members are not anticipated to see any immediate change in services. The new entity will benefit from the combined strengths of calREDD® and MRMLS, and members should expect to see even more choices and increased services over time. Once the calREDD® and MRMLS databases are merged, members will have expanded access to MLS information and greater exposure for their listings.
5. **Will the current calREDD® and MRMLS software systems continue to be offered?** Members can expect to continue to use their current software system. In the future, members are expected to be able to choose from multiple MLS software systems, including the current system used by calREDD®, the Tarasoft Matrix platform used by MRMLS, and possibly other systems. The vision of the statewide MLS consistently has been to offer members choice of systems and the proposed initiative would help to achieve this vision.
6. **Will C.A.R. continue to be a member of the proposed new entity?** The proposed governance structure for the new entity includes a membership role for C.A.R. and participating associations of REALTORS®. C.A.R. will continue to have the right to approve actions such as merger, dissolution or sale of assets, changes in the purpose of the new entity, and changes in the board composition.
7. **What will be the composition of the board of directors of the new entity?** The proposed governance of the initial board of directors will consist of MRMLS' 12 board members and nine board members selected by calREDD® (two of the 10 largest brokers; two brokers with 100 or more agents, but not the 10 largest firms; two broker owners with less than 100 agents;two practicing salespersons/broker associates; one open REALTOR®). The C.A.R. executive vice-president and one C.A.R. officer would continue on the initial board in a non-voting capacity.

After January 1, 2013, the board would be reduced in size to 17 directors and the C.A.R. EVP and C.A.R. Officer non-voting positions would be eliminated.

8. **How will the voting rights of current calREDD® participating associations differ in the new entity?** Under both the current calREDD® structure and the proposed entity structure, participating associations have significant voting rights. Participating association are proposed to become members of the new entity with substantially similar rights, including the right to approve bylaws changes to the rights of Class A members, the board composition, and the purpose of the entity. In addition, Class A members would have voting rights to remove directors and approve any merger, dissolution, or sale of the assets of the new entity.
9. **Where can I find further details on the proposed governance structure?** An outline comparing the current calREDD® (CALMLS) governance and proposed new entity (New CALMLS) structure is available at: http://www.car.org/meetings/carmeetings/currentmeetingmaterials/cardir0610/.
10. **Will the proposed transaction delay implementation for associations on schedule to join calREDD®?** No delay is anticipated for associations already on schedule to join calREDD®. It is anticipated that the new entity will continue to work closely with each association to identify a cutover date that will meet the needs of the association and its members.
11. **Will current calREDD® contract pricing terms be honored by the proposed entity?** Yes. Under the proposed structure, participating AORs would be asked to join the new entity as Class A members. Although the pricing terms of their agreements would be honored, some of the non-pricing terms would be modified to reflect that association's change from being a calREDD® distributor to a Class A member of the new entity.
12. **Will the calREDD® MLS rules be changed?** It is anticipated that the proposed entity will adopt the CARETS MLS Rules and Regulations. calREDD® previously announced its intent to participate in the CARETS initiative and participation in CARETS requires adoption of CARETS MLS Rules and Regulations. Both the calREDD® and CARETS MLS Rules and Regulations are very similar and largely follow the C.A.R. Model MLS Rules and Regulations.
13. **What will be the name of the proposed entity?** That has not yet been determined.
14. **What is the status of the calREDD® MLS software system?** The calREDD® software system was initially developed by Concentric Software LLC. calREDD® has acquired exclusive rights in California to the software system and has assumed its operation and development. The software is now actively deployed in eight associations.
15. **Will C.A.R. be asked to provide additional funding for this initiative?** Although approximately $500,000 remains on the $3 million line of credit that was granted to calREDD® by the C.A.R. board of directors in 2008, it is anticipated that calREDD® will be asking for an extension in the amount of $750,000 as part of the motions to approve the overall transaction. These funds will be used for integration of the calREDD® databases into the CARETS database, further committed software development, and other transition related expenses.

June 4, 2010