



CALIFORNIA ASSOCIATION OF REALTORS®

CALMLS, Inc.

(A Subsidiary of the California Association of REALTORS®)

Frequently Asked Questions about the California MLS

As of October 24, 2008

Most Frequently Asked Questions:

1. Why is a statewide MLS (the “California MLS”) being created by C.A.R.?

The 900+ California REALTORS® directors of the California Association of REALTORS® (“C.A.R.”) carefully studied this issue for more than two years. The C.A.R. directors concluded that the current MLS environment in the state is inefficient, technologically outdated, especially when compared to what is available via the public websites, does not serve the needs of the members and is too costly. Now that the technology is available, it was felt that all California real estate licensees could benefit by taking advantage of scale, having one set of rules and one point of entry for all California listing information for less than they are paying now. The statewide MLS was considered the best option to accomplish the six principles that were adopted by the C.A.R. directors in 2005.

2. What is the vision for the California MLS?

To provide California REALTORS® with one complete and innovative property information and MLS solution so that California REALTORS® are the source for all California real property information.

3. What are some of the key advantages of the California MLS?

Advantages of the California MLS include:

- The California MLS system is anticipated to create much needed efficiencies, increased security and new technology opportunities through the creation of one common database of California real property information
- Control of the MLS stays within the hands of California REALTORS®. Every participating local Association of REALTORS® and MLS (collectively “participating AORs/MLSs”) will have voting rights and the board of directors of C.A.R. retains ultimate control of the California MLS.
- The seventeen initial voting members of the California MLS board of directors are a diverse group of practicing REALTORS® (by geography, firm affiliation, firm size, and practice).
- The scale and reputation of C.A.R. creates unique technology partnership opportunities.

4. What kind of features can California REALTORS® expect to see with the California MLS?

California MLS plans to create one database for California REALTORS® to input and search all California real property, regardless of property location, type or status. Some of the anticipated features include:

- One database based on an open [API](#) to open the door to more options and innovation in user interfaces (the front end look and feel of the software) from a variety of vendors.
 - Choice of user interface will give system users new control over their MLS experience.

- Users will be able to more easily create custom applications.
- One Internet Data Exchange (IDX) feed for IDX and VOW websites without having to reconcile listing data from multiple sources.
- One set of rules.
- One MLS orientation.
- One MLS to input and search listings.
- One MLS participation membership through the AOR or MLS of their choice
- One source for all real property information (“**property centric**”) regardless of the property’s status or location within California.
- World class technology solutions commonly available in consumer applications.

5. What do you mean when you say that the California MLS will be “property centric”?

Traditional MLSs contain real property records limited to those currently listed and historical records of prior listings. The focus of the MLS has been to facilitate offers of compensation and empower users to perform real property searches and valuations. The California MLS vision expands this structure to capture all California real property records regardless of status. Imagine a database accessible to all California REALTORS® that contains every piece of real property with volumes of rich detail associated with each property. This vision won’t happen overnight, but it will happen, and we think that California REALTORS®, through the California MLS, should be the ones to make it happen.

6. Won’t the creation of a statewide MLS result in fewer choices for California REALTORS®?

No. The creation of a statewide MLS is anticipated to significantly increase the choices for California REALTORS® with:

- More service options with the ability to join the statewide MLS through any participating Association of REALTORS® or MLS.
- More technology options and increased MLS innovation due to open API system.
- The choices will now be in the hands of the members as they will not be restricted to one technology but can choose which one works for them as the technology becomes available due to the scale of one database.

7. Where will I go for MLS Services?

The California MLS will be offered and serviced through participating AORs/MLSs. C.A.R. has a long history of working with local Associations of REALTORS® to deliver products and services to California REALTORS®. AORs/MLSs are well positioned to be the initial point of contact for delivery of MLS services. Participants and subscribers may join the California MLS through any participating AOR/MLS and only have to join one to get access to all participating areas, not each one separately.

8. What vendor has been selected for the California MLS?

The vendor selection process is actively underway, and you may rest assured, the vendor standards are very high. It is expected that initial contracts will be executed by the end of the 4th qtr of ‘08 and beta testing will begin shortly thereafter. The California MLS is uniquely positioned to use its size, scale and reputation to require new and exciting innovation, reliability, scalability and efficiencies from its technology partners. The California MLS system will be world class and will provide REALTORS® with many long awaited technology innovations and efficiencies.

9. What kind of technical support and customer service will the California MLS provide?

The California MLS is committed to ensuring that existing levels of technical support and customer service will be met or exceeded. Many local AORs and MLSs already provide top notch support and service and will opt to continue to do so. For those that cannot or choose not to provide support and/or service for the California MLS, alternatives will be available.

10. What will be the price of the California MLS?

The California MLS service will be offered at a wholesale price to participating AORs/MLSs. Very early estimates of the cost of the California MLS system were between \$8-\$12 per user per month. We anticipate the actual cost to be much lower. Of course these are only base costs and participating AORs/MLSs will need to add their own costs as applicable (customer service, technical support, add-on technologies, rules enforcement, etc.) to reach a retail price. Each participating AOR/MLS will be free to set its own price for the system and any related add-on products and services.

11. Will the system limit the number of photos that can be entered for a particular listing?

No limit on the number of photos is anticipated.

12. When will the California MLS be available?

Services are expected to be available in the first half of 2009. Certain system enhancements and options may be available in stages.

13. Will the California MLS system result in a loss of local field options and descriptions?

The inclusion of local field options within the California MLS system is a priority. This concern will be addressed as part of the vendor selection process. Common intelligent search technology, as is used in many consumer search sites, may provide a solution and allow greater flexibility in the use of local terminology without sacrificing search results.

14. Will participating in the California MLS save individual participants and subscribers money?

Each participating AOR/MLS will determine its own price for MLS services. However, MLS vendor costs should be lower with widespread participation in the California MLS. In addition, participants and subscribers will only need to join the statewide MLS once and may choose to participate through *any* participating AOR/MLS in the state. Other efficiencies may also lead to lower costs for participants and subscribers, such as reduced technology costs associated with reconciling listing information from multiple MLSs. For those who are joining multiple MLSs now, there definitely should be savings if all those MLSs participate. For those who only belong to one, the result should be the same or lower costs with superior technology and statewide exposure for listings and statewide access to data.

15. May a subscriber (agent) join the California MLS through an AOR/Regional MLS other than the one joined by the subscriber's broker (participant)?

Yes. Participants and subscribers may join the California MLS through different participating AORs/MLSs. As long as a subscriber's broker (participant) has joined the California MLS anywhere in the state, the subscriber may also join the California MLS through any participating AOR/MLS in the state.

16. Will my local AOR or regional MLS have its own MLS Rules?

No. The California MLS will require uniform rules and uniform rules enforcement. The rules include a citation policy and fine schedule. Local AORs/MLSs will be free to adopt local marketing meeting and caravan requirements as those services will not be provided by the California MLS. The current CALMLS rules may be viewed online now at <http://www.car.org/media/pdf/163301> .

17. How will the MLS Rules be enforced?

Participating AORs/MLSs will receive complaints, initiate citations, and hold initial hearings (rules violations and arbitrations) locally. Appeals will go to a specially trained regional body.

18. How will jurisdiction to enforce the California MLS rules and to arbitrate disputes be handled?

Participating AORs/MLSs will have jurisdiction to enforce the California MLS rules (file complaints, initiate citations and hold hearings) for participants and subscribers who access the California MLS through them. Arbitrations involving disputes between participants who access the California MLS through different participating AORs/MLSs, will be heard at any participating AOR/MLS within a fifty (50) mile radius of the property at issue. Further enforcement rules will be detailed in the *California Code of Ethics and Arbitration Manual (CALMLS Version)*.

19. How is the California MLS structured?

The California MLS is a non-profit mutual benefit corporation. The California Association of REALTORS® (“C.A.R.”) is the sole member of the corporation with no right to payment of dividends. The California MLS is directed by a 17 member board of directors. The initial board of directors is made up of a diverse group of California REALTORS® strategically selected to represent the different geography, firm affiliation, firm size and practice areas of California’s REALTORS®. Although the California MLS board of directors has been structured as an autonomous body, ultimate control of the California MLS resides with C.A.R. In addition, participating AORs/MLSs are provided with significant voting rights.

20. Our Association of REALTORS® participates in a regional MLS and intends to continue to provide MLS services through the regional MLS. May our Association also participate in the California MLS?

Yes, participating AORs/MLSs will be able to join the California MLS through one of two options:

- Use of the California MLS as its sole MLS system (“primary option”); OR
- Use of the California MLS as a duplicate MLS system (“hybrid option”).

Under the hybrid option, the participating AOR/MLS will utilize the California MLS as a duplicate system and “feed” data from its current system into the California MLS system. Although participating under the hybrid option shares some of the benefits of the primary option (one set of rules, uniform enforcement, one orientation, and access to statewide system), participating under the hybrid option is likely to increase vendor costs and therefore is generally less efficient and provides less savings on vendor costs. Additionally this structure may impede access to the new technologies expected to be available to the user. For this reason, those AORs/MLSs that begin under the hybrid option may eventually elect to participate directly under the primary option.

21. Will this make my local AOR go out of business?

Local AORs will continue to play a critical role in delivering MLS services, and the California MLS services will be accessed through participating AORs/MLSs. The cost of the California MLS to participating AORs/MLSs is anticipated to be no more than and likely less than those of their current vendor. However, AORs may lose revenue from “cross over” or duplicate MLS fees from other areas. If the vendor costs provided by the statewide MLS are significantly less than current fees, then these may cancel each other out. In addition, some areas may experience increased competition for participants and subscribers and will be challenged to provide better services at competitive prices. Local AORs will need to price dues and MLS fees to cover their local operational costs. These will be managed, as they are currently, by local boards of directors, budget and finance committees and local staff. The model is designed around local Associations staying healthy so they may remain the primary contact point for both REALTOR® members and for those using the MLS services.

22. How will participating local associations of REALTORS® and regional MLSs provide input?

The California MLS will establish liaison groups and forums to both receive input and create venues for items of discussion, including for issues such as rules, enforcement, and technology. Participating AORs/MLSs will serve a primary role in delivering the California MLS services and, as such, their input will be actively sought. The primary philosophy is that all choices are member-centric. That is, the services and prices will be to benefit the members and their business interests first.

23. Will the active listings in the California MLS carry an offer of compensation to all Participants of the California MLS?

Yes. The rules applicable to offering compensation are anticipated to remain unchanged, and all active listings will include an unconditional offer of compensation to all other participants of the California MLS.

24. Does offering commission to licensees, who practice in an area outside the location of the property, and who may be unfamiliar with local requirements, encourage them to breach their duties to their clients?

Being from out of the area of the property does not change the legal duties of agents and brokers to comply with the law. This includes fulfilling the fiduciary duties to their clients as well as conducting careful visual inspections and fulfilling all other duties needed in conjunction with a transaction. Most agents and brokers recognize that real estate is a local business requiring knowledge of local customs, practices and laws to accomplish a successful transaction. The Code of Ethics and MLS rules and regulations are, and will remain, important tools to ensure compliance by all participants and subscribers.

25. Will the “mandatory submission” rules under the current C.A.R. Model MLS Rules be mirrored in the California MLS Rules?

Yes. Participants/subscribers will be required to submit all exclusive right to sell or exclusive agency listings on 1 to 4 unit residential property and vacant lots. Exceptions will continue to be made where a seller refuses to permit the listing to be disseminated by the MLS. However, until the statewide MLS has started servicing all areas of the state, mandatory submission will only be required in areas actively serviced. Areas that are actively serviced will be clearly communicated and designated.

26. Will “off market” property information be permitted for display in Internet Data Exchange (IDX) websites?

Not without further input and discussion. The California MLS recognizes that there are different viewpoints on this issue that have not been sufficiently vetted.

27. Will the California MLS offer a public website?

It is anticipated that a standalone consumer website will be necessary to compete with the existing consumer websites. MLS consumer websites traditionally provide more accurate information and therefore are more attractive to the consumer. No decision on when to create a consumer website and how it will function will be made without further study and input from C.A.R. members. However, the California MLS will continue to feed listings, with listing broker consent, to marketing sites that are consistent with REALTOR® interests.

28. Will the California MLS real property database be licensed to third party aggregators?

The California MLS firmly respects the right of individual brokers to decide whether or not to syndicate their listings to third party aggregation sites. For those that elect to syndicate their listings, the California MLS anticipates offering services to facilitate that process. For example,

most California brokers and agents direct their MLS to feed listings to REALTOR.com, and the California MLS anticipates doing the same.

29. Will the California MLS offer lockboxes?

Not in the initial phase. However, the California MLS is already studying local area and vendor differences in lockbox usage. Lockbox usage rules have been incorporated into the California MLS Rules to facilitate enforcement of lockbox requirements. In the future, the California MLS may be able to use its bargaining power to negotiate better lockbox pricing and services. If the California MLS adds lockbox service, distribution of lockbox services is anticipated to remain at participating AORs/MLSs. Your input on this issue is welcome and may be directed to mlsinput@car.org.

30. Will participation in the California MLS be limited to REALTORS®?

No. California law does not permit REALTOR® membership to be a requirement for participation in the MLS. However, the California MLS and participating AORs/MLSs may offer different levels of service to REALTORS® than the core MLS services they deliver to other users of the system.

31. Is C.A.R. qualified to run an MLS?

Both C.A.R. and the governing structure of the California MLS are made up almost entirely of California REALTORS®. CALMLS will be hiring or contracting with the appropriate talent to run the system optimally with forward looking technology and efficiency in mind. Both organizations' purpose and focus is to serve the best interests of *all* California REALTORS®. California REALTORS® have a 100+ year history of working together to innovate the practice of California real estate, and we are confident that they will continue to do so with the California MLS.

32. If our regional MLS is dissolved, what will happen to its staff and assets?

Such decisions will be made at the local region. There may remain valid functions and repurposing opportunities for regional MLS staff. Some of the functions of technical support or rules enforcement may still be done by a regional MLS. If the AORs and MLSs determine that maintaining the regional MLS is not in the best interests of its member or shareholder AORs and member real estate professionals, then the shareholder or member may elect dissolution. In that event, shareholders or members (usually AORs) of the regional MLS would in most cases receive their share of any remaining assets following dissolution.

Questions for Local Associations of REALTORS® and Regional MLSs:

33. If our AOR/Regional MLS has a contract with another vendor for MLS services and is interested in participating in the California MLS, should our AOR/MLS still complete the Intention to Participate form?

Yes. Even if your AOR/MLS has a contract with another vendor for MLS services, it is important that the California MLS know of your intention to participate in the California MLS in the future.

34. Is the Statement of Intention to Participate Form for the California MLS intended to be a binding contract?

No. The Statement of Intention to Participate form is intended to be a good faith representation that your AOR/MLS is interested in participating in the California MLS. Once the California MLS is up and running and provides your AOR/MLS with further information about the services (including vendor, user interface options, pricing, etc.), your AOR/MLS will have the opportunity to make a decision on whether or not to actually participate in the California MLS.

35. If the Statement of Intention to Participate in the California MLS is non-binding, why should our AOR/MLS submit one?

The California MLS will require this information to develop an efficient and timely implementation plan for coordinating the delivery of services with participating AORs/MLSs. Implementation

prioritization will be given to AORs/MLSs based upon a number of factors, including the date of contract with the California MLS, the date of expiration of any existing vendor contracts and consideration for market service areas that will most benefit existing participants/subscribers to the California MLS.

36. Will there be an up front cost to the local Association of REALTORS®/Regional MLS to join the California MLS?

None is anticipated. Although the board of directors of the California MLS will make ultimate pricing and services decisions, it is not anticipated that local Associations of REALTORS®/regional MLSs will be charged an initial fee to join the California MLS.