

CarolinaMLS and North Carolina Mountains MLS

We Are Better Together

Introduction

In early 2015, the Carolina Multiple Listing Services, Inc. (CarolinaMLS), a wholly-owned subsidiary corporation of the Charlotte Regional REALTOR® Association and the North Carolina Mountains Multiple Listing Services, LLC (NCMMLS), entered into an agreement for CarolinaMLS to provide “vendor services” to the 3,000 NCMMLS subscribers. These services, which did not start until October 2015, include providing the MLS software, training, end-user support and data compliance. Under this agreement, both MLSs maintain their legal status and separate branding.

About ten years ago, as part of its strategic planning, CarolinaMLS discussed the possibility of further expansion of its MLS. The first opportunity to truly test this expansion came about in 2014 when CarolinaMLS pitched wholesaling or providing “vendor services” to NCMMLS. The philosophy of the CarolinaMLS leadership was to give wholesaling a try, but not to price the service to make a large profit. Instead, as long as CarolinaMLS broke even, the pitch would be made that the goal was to provide a better service for other associations/MLSs. By working together, there would be opportunities for win-win outcomes.

While this began as a plan to grow the MLS and its core offerings as part of its long-term vision to provide the best possible products and services to REALTORS® in their regional market, CarolinaMLS was open to sharing its services with other non-contiguous markets, like NCMMLS. As a larger market regional MLS, the leadership of CarolinaMLS is sensitive to being perceived as the “big guy” and respects the way smaller associations view them. This creates unique challenges for all associations/MLSs as they consider the possibilities of working together for something better.

In the fall of 2013, CarolinaMLS invited NCMMLS leadership to attend its strategic planning session and included them in the process of thinking and planning for the future. By the end of the year, NCMMLS and CarolinaMLS were talking about CarolinaMLS possibly providing MLS core services.

These markets are not contiguous and there was not much cross-over in the agents or listings.

Leadership

In 2013 the leadership of NCMMLS was aware of its CEO's impending retirement at the end of 2014, so they formed a search committee that was divided into two groups. One group was tasked to find a replacement CEO, while the other group was tasked to look at vendors. CarolinaMLS asked to make a pitch to possibly accomplish both goals.

In the spring of 2014, CarolinaMLS presented the NCMMLS search committee two options: two memberships/one system (wholesale) or one membership/one system (merger or acquisition). Clearly the former was intriguing and less threatening.

At NAR Midyear 2014, NCMMLS leadership saw a demo of the Matrix system. They were impressed and realized they were more likely to get a better deal working through CarolinaMLS than directly with CoreLogic. By the end of May, a Memorandum of Understanding (MOU) between the two organizations was in the works. While at first CarolinaMLS staff negotiated with the outgoing CEO of NCMMLS, it became apparent that the participation of the Member Association AEs was critical. By August 2014, CarolinaMLS was notified that NCMMLS was no longer searching for a new CEO and that the goal was to finalize the MOU, which would be converted into a contract for wholesaling with the hope of implementing services in 2015.

Simultaneously to working on the MOU, which was signed in October, the staff and volunteers of the two MLSs began analyzing differences in each MLS's systems and rules, which continued in earnest well into 2015. When the agreement was signed in early 2015, Association/CarolinaMLS President Maren Brisson-Kuester said, "This collaboration between the two MLSs is a great opportunity for subscribers here and in the mountains. It will increase ease of business for our members through sharing of data and mutual cooperation and compensation."

2015 NCMMLS President Brian J. Cagle said, "With the rapid pace of technology changes in our industry, this kind of cooperation between NCMMLS and CarolinaMLS will allow for greater operating efficiencies and better implementation of new products and services."

Success Factors

- Improved MLS system for members with increased functionality and ease of use, as well as substantial core services such as showing service, tax data, and statistical analysis tools.
- More consistent compliance resulting in better data accuracy.
- Cost savings for brokers – data sharing.
- Mutual cooperation and compensation alleviating the need to subscribe to both MLSs.

Main Drivers

In 2014, NCMMLS was in search of the best MLS products and services possible for their members. The initial driver was the change in staff at NCMMLS, which created an impending void and an opportunity for the three member associations to explore all options. There was a good relationship between the CarolinaMLS CEO, the NCMMLS CEO, and the three AEs who run the NCMMLS member associations. NCMMLS had a search committee for a new CEO and a new vendor, and CarolinaMLS reached out to that committee to consider them as the vendor.

Intended Benefits

- CarolinaMLS could fulfill the needs of NCMMLS by leveraging its structure, staff, leadership, products, and services.
- Providing better MLS software and products to members.
- Sharing data and cooperation and compensation.
- Brokers in both markets have benefited from the efficiencies created by the shared systems and database.
- Compliance enforcement makes the data more accurate and valuable.
- All members receive the following enhanced products and services:
 - Matrix MLS software with NCMMLS
 - Go CarolinaMLS mobile app (branded as GoNCMMLS app)
 - Realist tax data – All 100 N.C. counties and all 46 S.C. counties
 - ShowingTime service and ShowingTime mobile app
 - SAFEMLS/RISK – MLS security from Clareity
 - Statistical Analysis Module (SAM) – monthly statistical reporting package
 - FIND – MOVE, Inc. search tool for REALTORS®
 - NAR's Realtors® Property Resource (RPR®)
 - RETS data feed management (includes IDX and VOW)
 - ListHub data syndication – opt-in
 - Data Checker / rules compliance for MLS listings
 - MLS Help Desk Support: M-F 8:30 a.m.- 5 p.m., Sat. 8:30 a.m.- 3 p.m.
 - Monthly wholesale billing to NCMMLS
 - MMSI Membership Director software for NCMMLS sta and each association owner
 - RatePlug

How the Issues Were Resolved

CarolinaMLS and NCMMLS are truly separate markets without much overlap. NCMMLS and its three member associations were open to MLS core services being provided on a wholesale level.

TECHNOLOGY (MLS vendor platforms, auxiliary services, contractual obligations, hardware and software systems, lockboxes).

- Transitioned NCMMLS to the CarolinaMLS Matrix platform with some modifications to rules and fields to support local business practices.
- CarolinaMLS pays for additional membership system licenses from MMSI for use by NCMMLS staff and each association owner to connect member data.

FINANCES (MLS operations, distribution to consolidating partners, funding association operations, reserves, real and personal property ownership, taxation etc.).

- CarolinaMLS determined the estimated cost of delivering MLS core services, including direct expenses to vendors as well as internal operating costs for staff and facilities, to arrive at a wholesale cost.
- Both entities (CarolinaMLS and NCMMLS) maintain direct billing to their Participants and Subscribers. NCMMLS direct bills about 200 Participants and Subscribers, but the three associations bill their Participants and Subscribers.

GOVERNANCE (allocation of representation, election/appointment of representatives, reporting requirements, mix of brokers v. agents, transition from former models, etc.)

- NCMMLS remains as it was before the partnership – an LLC formed by three REALTOR® associations through their MLS corporations that serves about 3,200 REALTORS® in Buncombe, Haywood, Henderson, Madison, Transylvania, and Polk counties.
 - ABR Services Inc. (owned by Land of the Sky Association of REALTORS®)
 - Hendersonville MLS (owned by the Hendersonville Board of REALTORS®)
 - Haywood County MLS (owned by the Haywood County Board of REALTORS®)
- The governance and ownership structures of the associations and MLSs did not change through this wholesale vendor solution; however, NCMMLS received four seats on the CarolinaMLS Advisory Group.

STAFFING (right sizing, staff leadership, buyouts.)

- This form of consolidation was not a merger. CarolinaMLS hired one staff person from NCMMLS to conduct training and assist with compliance in the NCMMLS market area.

COMMUNICATION (to owners, to brokers, to agents, to consumers)

- This consolidation is not a merger. Both MLSs are maintained as separate legal entities and have separate branding. To avoid misperceptions to the contrary, communications were carefully crafted and delivered to the membership.

- The MLSs delivered clear messaging to their respective memberships regarding the combined database and cooperation, which benefits members and confirmed this was not a merger.

At the onset, NCMMLS and CarolinaMLS had the same lockbox vendor but different showing system vendors. By the time services began, CarolinaMLS had switched to NCMMLS's showing service, vastly reducing potential complications. Unfortunately, NCMMLS switched to a different lockbox system prior to implementation, which CarolinaMLS did not anticipate as it had not been mentioned during the process or negotiations. However, since the two markets have virtually no overlap, the different lockbox systems have not really posed a problem.

Most Valuable Benefits

- Members appreciate the stricter compliance guidelines provided through Data Checker and enforcement of the rules, which has resulted in improved data accuracy.
- Stronger relationships between CarolinaMLS and NCMMLS.
- Other than increased rules enforcement, NCMMLS did not "feel" the presence of CarolinaMLS in their market. For the average subscriber, it was a seamless transition with familiar faces.

Lessons Learned

- Allow sufficient time for the rules and data fields review. This process took nearly a year, but was necessary to allow enough time for NCMMLS to understand how the system works to make the necessary adjustments and compromises to meet the needs of both groups.
- Always pad time for MLS system conversion.
- Include the potential for other MLSs to wholesale, share data, and have mutual cooperation and compensation.

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