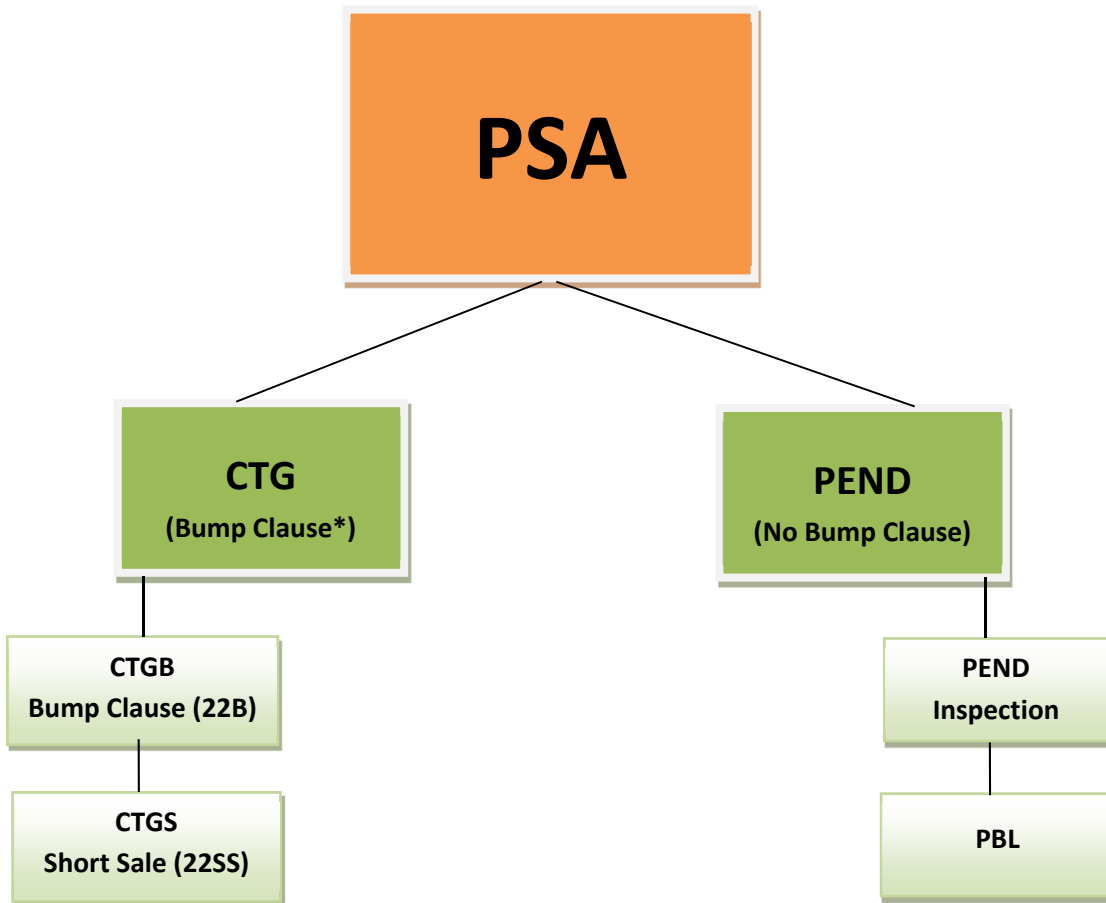


PSA



***Bump Clause meaning the parties have agreed to a continued marketing provision whereby Seller may keep the Property on the market in the "Contingent" status until Seller has received notice that Buyer has satisfied or waived this contingency.**

Contingent/Pending Status Changes

This issue was brought before the MLS Steering committee by frustrated participants, members and consumers. The main complaint stems from the portrayal of homes that are under contract as “Active” on syndicated third-party sites. A secondary complaint was various brokers interpreting their contracts as “Contingent” presumably to keep the listing active in the public eye and maximize marketing efforts. The attached proposal addresses these complaints and also provides some other benefits from the MLS statistical data without sacrificing functionality for members/brokers.

Rationale: The solution needed to address ambiguity amongst brokers and accuracy for consumers. The approach to solve was to find the lowest common denominator for all transactions.

Solution: Transactions ultimately fall into two categories: 1) Contingent with a bump clause which should be actively marketed to the public and 2) Pending status that denotes the property is under contract without a bump clause. The “Contingent-Inspection” (CTGI) status was included in the “Active” status category at a time when the market was slow and Brokers thought continuing to market the property during the initial inspection period was appropriate. The reality is that these listings are being syndicated as Active and the consumer is confused as most websites do not explain or promote that the listing is under contract. Likewise, most brokers exclude CTGI from their searches as not to show their clients a home that they cannot purchase. The committee felt it important to allow Brokers the functionality of searching these properties due to a significant fall out rate so the recommendation of creating “Pending-Inspection” is included.

Results of Implementation: The intended consequences of the proposed change are as follows:

- 1) Any property that is under contract without a bump clause will not be syndicated to third party websites. This upholds the Associations standard of care to the public accurately portraying our data and eliminates confusion between brokers and consumers.
- 2) By defining a contract as “Contingent with Bump Clause” or “Pending” without we eliminate the potential for agents to interpret status adding to aforementioned confusion. This also clarifies the rules for the brokers. Misreporting status is a tier 1 violation creating an enforceability element.
- 3) Days on Market will soon become a relevant statistic. Days on market is supposed to be from the time the property is actively marketed until it goes under contract. Brokers consistently forget to change status from CTGI to PEND skewing this statistic which also is syndicated to third party sites. Again we uphold the standard of care for accuracy to the benefit of all of our membership.
- 4) This change empowers brokers the opportunity to search “Pending-Inspection” listings to check the viability of current contracts for clients that are having trouble finding a home to buy reinforcing the brokers value proposition.

Brokers may argue that keeping a listing Active during the Inspection Contingency is the greatest benefit to Sellers. Upon discussion it was pointed out, regardless of the continued marketing of a listing, when a sale fails the property is put Back on Market (BOM) status in the MLS which increases the possibility of the Seller getting a lesser offer. This dynamic is not prevented or mitigated by continued marketing.

Q: What happens when the market slows down again?

A: Our data will still be accurate and agents will still be able to search these properties. The integrity of the property’s availability remains.

Q: My seller wants it to remain Active until they know the Buyer can perform?

A: Part of a brokers job is to explain the risks associated with terms of an offer. If the risk of failing outweighs the benefit to seller the broker should be able to provide information quantifying those risks as a probability.

Ex. Accepting a “sight unseen” offer by a remote buyer has a higher probability of failing. The consequence ultimately resides with the Seller. They should be informed that going BOM can result in a lower second offer. Brokers should be able to provide context through communication with Selling Broker.