



# The Current MLS Landscape

## Straight Talk - Stellar Style

Merri Jo Cowen, CEO  
Stellar MLS

# Topics

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Expanding on legal landscape and impact on Stellar and our customers

Stellar's "What-if" Posture

About Compensation

Myth busting

Where we stand



# Multiple Listing Services

- At the most basic level, a Multiple Listing Service (MLS) is a company or service that facilitates listing data sharing and cooperation amongst real estate professionals
- Various Models
  - REALTOR Association Shareholder Owned (*like Stellar MLS*)
  - Single REALTOR Association (*like Daytona Beach*)
  - Broker Owned (*like First MLS and NWMMLS*)
  - Hybrid – combination of associations and Brokers (*like MRED*)
  - Private (*like OMNI MLS*)
- **If a Multiple Listing Service is owned by REALTOR® Associations, it is bound to NAR's MLS Rules**
- **Historically, MLSs have required a minimum offer of compensation (as low as \$0.01 or \$1)**







# Stellar MLS Today

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- While Stellar MLS has historically required offers of compensation in line with NAR's MLS Rules, Stellar has **NEVER** regulated amounts (\$1 is sufficient)
- Commissions have **ALWAYS** been negotiable
- Stellar MLS is neutral towards **Brokerage Business Models** and Portals
- **Limited Service Listings** are allowed in the MLS
- Florida REALTORS® has a **Buyer Brokerage Agreement** form available to its members
- Florida is a **Thompson** state, allowing non-REALTORS to join Stellar MLS

# Legal Challenges and the Future of Compensation

# The Legal Environment

Category	Examples and Status	Description & Implications
 <p>Commission Lawsuits</p>	<ul style="list-style-type: none"> <li>Sitzer/Burnett v. NAR (<i>trial in progress; class action; two brokerages settled</i>)</li> <li>Moerhl v. NAR (<i>Expected trial in 2024, class action; two brokerages settled</i>)</li> <li>Nosalek v. MLS Pin (<i>Settlement of \$3M in damages and offers of compensation must become optional plus seller disclaimer – DOJ challenging that settlement does not go far enough</i>)</li> </ul>	<ul style="list-style-type: none"> <li>These suits challenge offers of compensation through the MLS on the basis of anti-trust laws</li> <li><u>Could</u> result in optional compensation or the “decoupling of commissions – sellers and buyers pay their brokers directly</li> </ul>
 <p>Other Litigation</p>	<ul style="list-style-type: none"> <li>Top Agent Network v. NAR (Case Dismissed, but in August 2023 dismissal reversed)</li> <li>PLS v. NAR (<i>Originally appealed but appeal was reversed in September 2023 – Discovery Proceedings</i>)</li> </ul>	<ul style="list-style-type: none"> <li>These suits challenge the Clear Cooperation Policy, on the basis that it restricts trade )</li> <li>Could result in the repeal of Clear Cooperation</li> </ul>
  <p>Dept of Justice &amp; Federal Trade Commission</p>	<ul style="list-style-type: none"> <li>DOJ investigating NAR and MLS Rules surrounding offers of compensation and potential violations of antitrust law</li> <li>DOJ backed out of a 2020 settlement; but judge ruled they are still bound to it. DOJ appealing that decision.</li> <li>An executive order to the FTC advised them to investigate rules surrounding the sale of real estate</li> </ul>	<ul style="list-style-type: none"> <li>Future of DOJ investigation into MLS offers of compensation unknown</li> <li>Potential FTC investigation?</li> <li>DOJ submitted statement of interest in Top Agent Network Case and is challenging that the Nosalek settlement does not go far enough</li> </ul>

# Recent Updates

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MLS Pin Settlement and DOJ's Challenge



Anywhere and Re/Max Settlements, Redfin Announcement



NAR's New Interpretation on compensation \$0



Clear Cooperation Cases revived on appeal

# Anywhere and Re/Max Settlements

- No admission of wrongdoing
- Monetary settlements (\$83 and \$55 million)
- No longer **require** franchisees to join NAR
- No company policies on minimal offers of compensation
- Rule changes to increase transparency on compensation



*\*Unrelated to these cases, Redfin also announced that they are exiting NAR.*



# Litigation Overview

- CLASS ACTION LITIGATION

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  - Moerhl
  - Barnett/Sitzer
  - Bauman/Nosalek
  - Others
- CLEAR COOPERATION POLICY LITIGATION
  - PLS.COM v. NAR, Bright MLS, CRMLS, MRED
  - TAN v. NAR and CAR
- DEPARTMENT OF JUSTICE
- COMMINGLING RULE LITIGATION
  - REX v. NAR and Zillow
- FLOOR PLAN COPYRIGHT LITIGATION
  - Designworks Homes v. Columbia House of Brokers Realty, Inc.

# What's Next?

- POTENTIAL LENGTHY, COMPLEX LITIGATION
  - Potentially, years, not weeks or months
  - Cost to parties/Stellar MLS
- SETTLEMENTS/POTENTIAL SETTLEMENTS
  - Payments to Plaintiffs – Corporate Defendants/NAR
  - Potential Practice/Rules Changes
    - No requirement that brokers or agents belong to NAR or follow Code of Ethics or MLS Handbook
    - No requirement to make or accept offers of compensation or, if made, such offers are unconditional
    - Required disclosure that broker commissions are fully negotiable
    - Prohibition against buyer representatives from representing that their services are free
    - Requirement to include listing broker's offer of compensation in listing information shared with Buyers through IDX or VOW display
    - Prohibition on brokers and agents from filtering or restricting MLS listing searches based on level of compensation
    - Others
- DOJ LOOMS
  - Transparency

**What is Stellar Doing to  
Prepare?**

Organized Real Estate is being challenged, and...

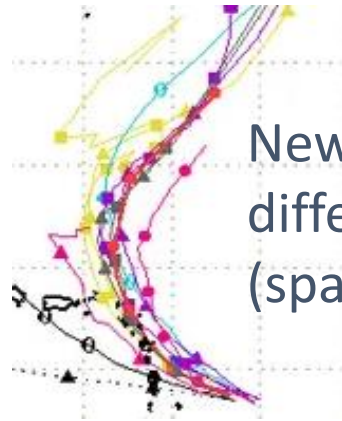


Looking Ahead

Our Motto:  
“Disruption only happens to the unprepared”

# Strategic Planning

- Stellar MLS has been conducting contingency planning with its board and shareholder leaders for several years
- In 2022, an economic task force made a series of recommendations on how Stellar should prepare for a potential membership reduction



New task force formed 10/20/23 to review different paths based on possible outcomes (spaghetti model)

# Broker Communication

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- In 2023, a series of 15 coffee hours was conducted with brokers across the state, posing questions on the value of the MLS should offers of compensation go away
- Brokers understand that there is great value in MLS data and products, with or without offers of compensation
- Planning for additional programming in Q4 2023 and beyond



# Value Proposition & Opportunities

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- The value of Stellar MLS goes beyond offers of compensation!
- Cooperation can exist without compensation
- Stellar MLS has always allowed offers as little as \$1, and Florida REALTORS has a Buyer Brokerage Agreement
- Stellar MLS tools can help buyers provide value to their customers – they may need help articulating that value if buyers need to pay them directly

# Risk Management

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- NAR now allows for \$0 offers and many MLSs are moving in this direction
- Reduced liability if trial outcomes are not in favor of Defendants and impact MLSs
- In sync with franchise lawsuit settlements
- The Stellar Board will allow \$0 offers of compensation – launch when Matrix business rules are updated





# Taking the Next Step

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- 2019 – Searching in MLS on compensation was eliminated in light of DOJ/FTC workshop
- Next: Risk Reduction for all – Stellar and our Brokers
  - National trend in light of DOJ and settlement hints
- Compensation has ALWAYS been negotiable
- Effective 11/14/23, Matrix will accept “zero” for compensation
  - Cannot leave blank
  - Any amount zero or higher will be allowed in system and in MLS Rules/Regulations

# More Resources

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- Competition.realtor for updates on Burnett case and helpful resources. <https://www.nar.realtor/competition-in-real-estate>
- For consumers: <https://realestatecommissionfacts.com/>
- Drive with NAR Podcast with Katie Johnson (worth the listen)
- [Special Report: What's at Stake in the Sitzer/Burnett Trial \(nar.realtor\)](#)
  - To listen to the podcast and download the transcript
- Frequent posts/updates on NAR Hub

# What is NAR asking of Everyone?

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- **Demonstrate your value** (brokers/Associations/MLSs) to the consumer – Sing from the hills – use campaigns already available
  - <https://www.nar.realtor/competition-in-real-estate> (infographics/videos)
  - <https://www.cmlsintheknow.org/> (for brokers/agents)
  - <https://www.councilofmls.org/making-the-market-work>
- Brokers: **explain** clearly to sellers and buyers **how you get paid**.
- **Embrace Buyer Brokerage Agreements** in your state, your market
  - While not our “lane”, Stellar wants to find ways to help facilitate where possible.

What if the MLS ceases to Exist?



Or, What if it morphs into something better?

The Stellar Board of Directors is looking at the “What-ifs” in each of these areas!

Governance, Leadership  
And  
Membership

Ownership

Financial  
Diversification and  
Preparedness

Show our value  
Products, services,  
technology

Educate  
Communicate  
Advocate

What if there is forced separation from NAR?  
What if we explore ownership options that are inclusive of our  
Shareholders?  
What if Stellar has to stand alone?  
What if we become industry advocates?  
What if we DO show our value and everyone thrives?  
We succeed when our Brokers do!  
What If.....and Why Not?

**Just a few of our What If's**



# Myth Busting

## What we ARE doing



Escalating awareness to our brokers/agent: the MLS is More valuable than the offer of compensation



Elevating our value proposition to our brokers/agents through products/services



Exploring options should there be adverse impact on Stellar's ownership or governance



Being good stewards, thinking boldly and preparing for the What-ifs that will impact your business



Staying fiscally strong to cushion any legal settlement impact of individual customers of Stellar

## What we are NOT doing

- We are NOT trying to distance ourselves from our Shareholder Owners – Realtor Associations
- We are NOT planning to break away from NAR or our shareholder associations unless forced by courts or regulators

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# *THANK YOU*

*Merrí Jo Cowen, CEO*  
*[ceo@stellarmls.com](mailto:ceo@stellarmls.com)*  
*407-960-5301*

