

COMPASS

November 24, 2024

Board of Directors
California Regional MLS
15325 Fairfield Ranch Road
Suite 200
Chino Hills, CA 91709

Dear CRMLS Board of Directors,

We are troubled by the lack of communication and collaboration from CRMLS. Despite repeated attempts to engage in constructive dialogue and propose modifications to your rules to provide greater choice and flexibility to homesellers, our concerns have been consistently dismissed. This intransigence not only damages our agent's ability to serve their clients, but also raises serious questions about CRMLS's commitment to representing the interests of agents and homeowners.

A recently released independent study by 1000WATT highlights the issue. 1000WATT found that 35% of prospective sellers desire to list their property off-MLS. Additionally, 1000WATT found that 66% of sellers see display of days on market as being bad for sellers and that 48% of sellers do not want price reduction information displayed for their property, which clearly demonstrates homeowners' desire for more choice and autonomy in how and where their home is marketed.

By enforcing Clear Cooperation, CRMLS is actively and knowingly harming the interests of California homesellers by restricting how they publicly market their home and is forcing agents to breach their fiduciary duty to any homeseller that wants to publicly market their home off-MLS or without the negative impact of days on market or price reduction history for their property.

To be abundantly clear, we believe CRMLS is forcing agents to choose between CRMLS rules and their clients' wishes to the ultimate detriment of the homeseller. California State Law requires a seller's agent to act with the "utmost care, integrity, honesty, and loyalty." State law, and Compass agents' duties to their clients, supersede MLS rules. By prohibiting agents from marketing a property the way their client wants the home to be advertised, CRMLS is in effect asking agents to break the law. Compass agents will always want to put their clients first, including doing everything in their power to market and sell properties as directed by their clients.

We are reaffirming our position that CRMLS's continued rigid adherence to the Clear Cooperation paradigm puts Compass agents into an untenable position where they are unable to fulfill their fiduciary duty under California state law to clients who wish to publicly market their home off-MLS or with greater flexibility. Therefore, we implore CRMLS to reconsider its current stance and implement one or all of the following changes **immediately** to begin to offer greater choice to home sellers:

1. Follow Bright MLS's interpretation of the 'Office Exclusive Exception,' which permits public marketing of Office Exclusives subject to express written consent by the seller.
2. Implement a status that does not accrue days on market, does not have price history, allows for both public marketing and showings, is not syndicated through IDX but is shared through back office feeds, and requires limited listing information input. This can be achieved through amendments to CRMLS's 'Coming Soon' status by permitting showings and no longer being syndicated through IDX feeds.

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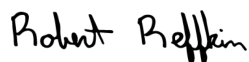
3. Create a 'Private Listing Network' (PLN) analogous to that created by Midwest Real Estate Data (MRED) that permits public marketing of PLN Listings.

Adopting any one of these changes would exhibit CRMLS's commitment to offering marketing products and services that homeowners are demanding. All of these solutions give sellers greater flexibility and autonomy to control how their properties are marketed, but also preserve the integrity of MLS data and reinforce the MLS as the single source of truth for listing data. These options support the concept of mandatory submission to the MLS, but not mandatory marketing through the MLS. In fact, the first option (the 'Bright approach') gives the MLS greater visibility into 'Office Exclusives,' which are input directly into the MLS. Additionally, the latter two options (flexible statuses or private listing networks) preserve cooperation among participants in the MLS, as the listings are still searchable within the MLS.

Unfortunately, the aforementioned issues regarding a homeseller's choice on how and where to market their home are familiar and recurring themes in recent litigation. You are well aware of the lawsuits involving the Top Agent Network (TAN) and the Property Listing Service (PLS) as well as the multiple DOJ investigations into Clear Cooperation. Just this year, on April 5, 2024, Judge Florence Pan of the United States Court of Appeals for the D.C. Circuit said in DOJ v. National Association of REALTORS that the "DOJ believes that the Clear Cooperation Policy restricts home-seller choices and precludes competition from new listing services." These lawsuits and challenges are not going to stop any time soon, and they are causing confusion and are detrimental to members as well as their clients. The industry as a whole is currently undergoing large-scale turmoil, and, as the largest MLS in the country, CRMLS is only adding to the difficulties and challenges. You are forcing Compass to send a clear message to industry stakeholders and regulators that i) we do not agree with your policies, ii) you are enforcing these policies without our agreement, and iii) we are doing everything we can to end these policies.

We urge you to prioritize the needs of your members and the homesellers they represent. We expect a prompt and substantive response to this letter outlining the steps CRMLS will take to address our concerns.

Sincerely,



Robert Reffkin
Founder & CEO
Compass