



MLS Syndication Rats Nest

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Urban Dictionary is a hoot. It is also a helpful way for the father of a pre-teen to understand the contemporary meaning behind the terms used by kids. In this case, I refer to Urban Dictionary for their crowd-sourced definition of Rats Nest “Commonly used in the technology sector to refer to a software design or implementation that is hopelessly convoluted and difficult to understand...” Listing Syndication is a Rats Nest and it is about to get worse as firms like Zillow defect from Listhub-Point2. With Zillow pulling out, MLSs will need to offer different services or parallel services to get broker data to Zillow. I hope that Zillow’s actions do not create a slippery slope for other publishers to follow. It will only send us back to 2007 when brokers did all of the listing syndication themselves.

The Future

I am not a futurist, so the title of this section is misleading. Our job as consultants is to fix mistakes or coach businesses around mistakes. Today, MLSs across America are on the threshold of making mistakes if they are not careful. I am not referring to large MLSs (the types that are part of the COVE group). I am referring to the small Association owned MLSs who are not necessarily plugged into the contemporary best practices of managing listing syndication contracts and policies correctly. Those MLSs who can hardly afford the \$5,000 to \$10,000 legal bill to negotiate a contract with a publisher.

If you are a broker, you had better put your MLS on notice that they are not permitted to enter into any direct syndication agreement with anyone without your authorization. Failure to give notice is a mistake.

If you are an MLS that offers Listhub syndication to Zillow, I recommend that you give brokers notice that Listhub will no longer be supporting syndication to Zillow. WAV Group Communications can help with this. Don’t just send one email and think that you are done. Send lots of communications through different channels and make sure it sticks. Listing syndication is an effective way to market properties online if done carefully.

MLS Direct Syndication Must Be Done Carefully

1. Ask Brokers First – only help those brokers who need it.
2. Be sure to look at Broker Opt-In products that can send data to Zillow for those brokers who need it ([Clareity Direct Connections](#), [Real Estate Digital reDataVault](#) and some MLS Vendor RETS clients)
3. Only send the data that is authorized (some MLSs are sending all of the data today with a note (flag) that says “don’t use this data.” Big Mistake! If you send the data without the broker authorization and it is misused – the MLS is liable.
4. Have a contract – make sure that your contract is tight. Talk to Anne Bailey or Brian Larson if you have not already. Be aware of the potential legal costs and administrative costs to ensure that the publisher is not breaching the agreement.
5. Create a solution for auditing publishers who are under contract and publish a bill of health quarterly to the brokers you are providing the service for. You are taking on the responsibility.
6. Leave agents out of it – Agents do not have the right to syndication without the expressed written consent of their broker. Block agent access to the dashboard unless the broker explicitly advises you to the contrary.
7. Have a contract with the broker that indemnifies the MLS because listing syndication may not be an MLS service that is covered by your NAR insurance or legal fund in the event of an accident.

If you are a broker, you had better put your MLS on notice that they are not permitted to enter into any direct syndication agreement with anyone without your review of the agreement and authorization.

How We Got Here

Here is a primer that will help you understand how we found ourselves in this predicament. Around 2003, Ira Luntz made an exit from a consumer search portal called Homeseekers.com (source LinkedIn). Ira became CEO of Threewide Corporation, along with founders Luke Glass and Mark Wise, they perfected and marketed List and Send, which is what is known

today as ListHub (yes, they have patents). The List part really did not work out at the time because RESO did not exist and everyone had different data schema and business rules. The idea of putting your listing into one system and distributing it to MLSs, portals, franchises, and other applications from one source was ahead of its time. But the Send part was the schnizz (A word of Scottish origin meaning anything impressive or pleasing).

“Advertising is all about presentation, circulation, and price. If it looks good, reaches a lot of potential buyers, and can save me money – I will buy it.”

WAV Group broker research from 2004 to 2006 revealed that firms that carried 100 to 150 listings were spending about \$1 Million per year in print advertising. Depending on the market place and inventory turns, those firms sold around 1000 sides a year. Yes, firms were spending \$1000 per transaction in print advertising; or rather, agents were spending that out of their commissions from the seller. Print advertising was killing commissions, and the Internet came to the rescue. Advertising is all about presentation, circulation, and price. If it looks good, reaches a lot of potential buyers, and can save me money – I will buy it. That is how print met its doom. Lower price always won out (see my three years at Homes Magazine transitioning from print to web). The web was an easy solution once broadband arrived. Homes could be presented with beautiful photos (presentation), be easily searchable (new feature), reach a larger audience (circulation), and it was FREE (lower price). There was also that ugly time of buying leads (yes, Brad Inman was the Founder of HomeGain, a company that sells leads to agents and brokers. Sold in 2005 to Classified Ventures). It took awhile for Realtor.com, Homes.com and Homefinder to prevail. It took less time for Zillow and Trulia to catch on.

By 2008, the process of brokers electronically sending their listings to online publishers was rampant. Realtor.com had long (and uniquely) received its listings directly from the MLS. Ira and his band of brilliant fellows became MLS friendly with ListExporter and ListSecure. Both products supported the idea of secure MLS data distribution to solve a problem for brokers. MLSs could send their listings to any publisher just like Realtor.com, and do it for FREE! Yep – Listhub emerged with a business model of “no charge to the MLS and no charge to the Broker.” Of course, unlike Realtor.com that gets all of the listings, Brokers would need to authorize distribution on a publisher-by-publisher basis (See evolution of the Listhub dashboard). Listhub was a “must-have” for every MLS as WAV Group outlined in a [whitepaper for Listhub](#) written in 2008.

t begs the question, “how does Listhub make money?” That’s easy! Let the publishers pay Listhub since they are providing them with a single, normalized data feed and fixing the problem for brokers and publishers who were struggling to move listings. From his days at Homeseekers.com, Ira knew how to design great backend MLS systems and more about big data and moving big data than anyone other than the Realtor.com techies. But, Ira left Threewise- soon to be ListHub, in the capable hands of its founders Luke Glass and Mark Wise with some serious questions. What was the business model? How could ListHub make money on this new listing distribution thing. It became obvious to Luke that to get paid, ListHub needed a contract between themselves and each publisher that detailed the relationship and what the publisher could do with the data.

Important Note

The MLS does not have a contract with the publisher. They have a contract with Listhub. Listhub has a contract with the publisher. Brokers do not have a contract with either the MLS or the publisher for listing syndication.

Terms of Use

At a rapid pace in 2008, MLSs turned on Listhub everywhere. They have nearly full market penetration. More than 80% of listings going to publishers come from a Listhub data feed today. Large firms send data directly. As it turns out, nobody was really paying attention to the “terms of use” of broker listing content when it was being sent to the publisher.

In November of 2009, WAV Group published a whitepaper called Listing Syndication, [“Read the Fine Print”](#).

WAV Group took a close look at publisher Terms of Use listed on their website to see what they could do with listing data. What we discovered in 2009 is still true today unless a broker or an MLS has a contract directly with the publisher.

1. Indefinite Use of Data – Publishers get the irrevocable, perpetual, non-exclusive, fully paid, royalty-free license to use, retain, transmit, copy, create derivative work of, and sell or distribute broker data to other parties or sub-licensees.
2. Copyright Protection – The broker assure the recipient that the information being submitted to the publisher is not subject to any person’s copyright protection.
3. Indemnification – the broker indemnifies the publisher from any claims as a result of displaying the data including its accuracy.

4. Re-Syndication – the publisher may re-syndicate the data to other places without the consent of the broker (this was covered in item 1, but Trulia, Postlets, and VAST were doing some stuff that was abrasive to the broker at the time, so it was worthy of a note).

5. Staying Current – Lets just say that these sites did not update very quickly and were not very prompt at removing listings when they were sold, withdrawn, or expired.

I presented this paper to The Realty Alliance Board of Directors meeting and the Leading RE Board of Directors meeting shortly after the publication. A moment in real estate history took place when a large mid-western real estate broker left the meeting, went up to his hotel room, logged on to Listhub, and turned off listing syndication forever. Today, that broker remains the largest broker in the region who continues to grow market share. That broker has had year over year growth of the company broker website. The broker website has equal or greater traffic than any third party listing website.

Be Prepared

This departure of Zillow from the Listhub network is, and will continue to be painful. Its too bad. The good news for WAV Group, other consulting firms, and legal firms is that it will keep us busy in 2015 and beyond. If you need help, give us a call. That is what we do.

About WAV Group

WAV Group is the leader in providing research and thought leadership to the MLS industry seeking to create a wave of positive change with every subject that it tackles. The firm is comprised of corporate executives with a depth of expertise in the real estate industry proven to catalyze new approaches leading to more customer-centricity and business success.

WAV Group supports of many of the nations largest real estate Multiple Listing Services, REALTOR® Associations, technology vendors, brokerages and franchises, in the US, Canada and Europe. WAV Group has expertise in the areas of strategic planning, technology evaluation, product development, market research, recruiting, sales & marketing plan development, technology selection and implementation. For more information or to register to receive report releases and newsletters please contact Victor Lund at 805-473-9119 or Victor@WAVgroup.com



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