

MLS DEFINITIONS AND CONCEPTS 11/4/2011

I. Multiple Listing Service of Jackson (MLS)

a. What Is It?

- i. Separate company from the Jackson Association of REALTORS®, but owned by JAR
- ii. a means by which authorized participants make blanket unilateral offers of compensation to other participants.
- iii. Provided through the Jackson Association of REALTORS®
- iv. The REALTOR® Broker is the “gate way” to MLS
- v. MLS Participant – the Broker-owner of the company who applied for MLS participation
- vi. MLS Subscriber – the user of MLS who has access through the Participant (the Broker)

II. Definitions that apply to the MLS Input Sheet – if input incorrectly can result in misrepresentation

a. Types of listings

- i. **Exclusive Right to Sell (ERS)** – the seller agrees to pay the Broker regardless of whether the property is sold through the efforts of the listing broker, the seller, or anyone else.
- ii. **Exclusive Agency (EA)** – the seller agrees to pay a commission to the listing Broker ONLY if the property is sold through the efforts of the listing broker or a cooperating broker. The seller retains the right to sell it to anyone himself without paying a commission to the listing Broker.
- iii. **Exclusive Office** – seller withholds consent for a listing to be published in the MLS compilation of current listings. The listing must be entered into MLS with Office Exclusive selected as the status. Days on market apply to Exclusive Office listings just as they apply to any other listing.
- iv. **Limited Service Listings**
Listing brokers will not provide ONE or more of the following services:
 - a. Accept and present offers to purchase. Cooperating brokers have the authority to present offers directly to the seller.
 - b. Advise sellers as to the merits of the offer
 - c. Assist sellers in developing, communicating or presenting offers and counter offers.
 - d. Participate on seller’s behalf in negotiations leading to the sale

b. Special Sale Type: (not required fields; does require seller permission to disclose)

1. **Court ordered** – divorce, probate, inheritance, foreclosure
2. **FHA foreclosure** – Property financed through an FHA loan, was foreclosed, and because the bank had a loan whose PMI was insured by the government the lender has been paid in full. The government has taken title and possession with the Department of Housing and Urban Development (**HUD**) and placed it back on the market to sell.
3. **Pre-foreclosure** – not “officially” in foreclosure.
4. **REO** – Real Estate Owned; may be owned by a bank, an Real Estate Investment Trust (REIT), a lender, Fannie Mae, Freddie Mac, acquired by delinquency, tax sales, builders construction loans, probate, etc. The property is an owned real estate asset.
5. **Short Sale** – sale in which both the owner and the lender have agreed to take less than payoff in lieu of the PMI/MIP claim. Seller or lender pays the difference or lender/bank/ is willing to write off the loss.

c. **Fields Related to Listings Displaying on Public Websites:**

- i. Display on Internet? Y/N. Does the seller give consent for the property to be advertised on public websites? (all or none)
- ii. Display Address? Y/N. Does the seller give consent for the property address to display on public websites? (all or none)
- iii. Allow AVM? Y/N. Does the seller give consent for an AVM to be applied to the property on websites that have AVMs?
(Automated Valuation Model: the term used to describe the process of calculating the value of a specific property by analyzing the value of comparable properties found in public records.)
- iv. Allow Third Party Comments? Y/N. Will the seller allow third parties (consumers) to write comments or reviews about his property on public websites (blogs, etc)?

d. Compensation

- i. Compensation must be offered for a listing to be included in MLS - % or Flat fee
- ii. **Variable rate commission (VRC)** – (Code of Ethics, Standard of Practice 3-4). Must be disclosed to cooperating Brokers in MLS. Where one amount of commission is payable if the LISTING Broker's firm is the procuring cause of the sale and a different amount of commission is payable if the sale results from a COOPERATING Broker.
- iii. **Reduction in cooperative compensation** due to court order or due to a short sale. Listing brokers must communicate to potential cooperating brokers the fact that gross commissions established in listing agreement is subject to court or lender approval, and that compensation payable to cooperating brokers may be reduced if the gross commission established in the listing contract is reduced by a court order by or lender as a condition of approving a short sale. The potential reduction or the method by which the potential reduction in compensation will be calculated must clearly be communicated through REALTOR Remarks prior to the time a cooperating brokers submits an offer.
- iv. **Bonus to Selling Broker**
 - The only person authorized to offer a bonus through MLS is the Listing Broker. A seller, either individual or corporate, does not have the authority to use MLS as a vehicle to offer a bonus to the selling broker. If one wants to offer a bonus, the listing broker should only provide selling brokers with the source of where the information on the bonus can be found. Leading selling brokers to believe the listing broker is offering the bonus could result the listing broker being responsible for paying it in the event the seller does not.
 - Must be communicated as paid to selling BROKER not selling AGENT
 - Should be qualified with any conditions that might apply that are ASSUMED by the Listing Broker and Seller but not communicated to the cooperating brokers (such as "with full price offer by X date", other stipulations.)
 - Is part of compensation offered through MLS and must be paid if meets qualifications stated.
 - Any change in compensation (including bonuses) must be communicated to cooperating brokers prior to the cooperating broker writing an offer. (Code of Ethics 3-2).
 - Must be disclosed to the buyer client and can be negotiated

- Buyer agents who understand their agency obligations do NOT see bonuses as only additional money in their pocket, but rather as money that can be negotiated for the benefit of the buyer.

e. Statuses

- i. **Contingent** – A contract has been executed between a buyer and seller but is contingent upon one or more conditions being met such as: a first right of refusal or items remaining negotiable included, but not limited to inspections or repairs. A contract with any contingencies must be reported to the MLS within 24 hours as Contingent. **Displays on public websites.**

- ii. **Contingent, First Right of Refusal (CFROR)**- a type of Contingency, not a status itself. The buyer and seller have entered into a contract contingent upon the buyer closing on another property. Should the seller receive an acceptable offer from another buyer, the first buyer has the “right” to remove his contingency within a time specified or the contract is void and the second buyer’s contract takes first place. A CFROR displays as ACTIVE on reports in MLS but with CFROR noted for the benefit of other MLS Participants and their buyers. **Displays on public web sites.**

- iii. **Pending.** – A contract has been executed between a buyer and seller where ALL contingencies have been met and the sale awaits closing. **Does not display on public websites.**

- iv. **Withdrawn (from MLS)**
 The property is withdrawn from MLS, but the listing agreement between the seller and listing broker is still in force that includes the obligation to pay a commission if the property is sold before expiration. Generally for a temporary situation. A circumstance whereby the seller wishes that the property not be shown for a temporary time. (making repairs, illness in family, etc.).
 OR, when the seller wants to end the relationship with the broker, but the Broker is not willing to CANCEL the listing agreement. The property can be withdrawn from MLS but the listing agreement stays intact.

- v. **Cancelled.**
 The seller and listing broker agree to CANCEL (terminate) the listing agreement. Upon cancellation of the listing agreement no commission is owed the Broker; the seller is free to enter into another listing agreement with another broker with no commission owed to the Broker whose agreement was cancelled.

f. Exclusions

- i. People, not things – a seller may wish to exclude potential buyers from a listing agreement that he might have identified prior to entering into the listing agreement
- ii. The fact that there are exclusions should be clearly disclosed to cooperating agents through MLS prompting the cooperating agents to contact the listing agent for further information.

- g. **Number of rooms** – areas in a house, excluding bathrooms and laundry room, where if walls are present or could be installed, the room could be “lived in” having a specific function. (a kitchen with a breakfast room is counted as 2 rooms; a living room/dining room combination is counted as 2 rooms)

Property Types

- i. **Detached**- stand alone residence not attached to another structure
 - ii. **Townhouse** – a type of development with usually two-story units attached by a common wall. Owner owns the inside and outside of the unit and a fraction of the common areas.
 - iii. **Condominium** – a type of ownership in a multi-unit development where the units are attached by a common wall and where the owner owns ONLY the inside of the unit and shares ownership of the common areas with the other owners in the development. Ownership is through an Association’s condominium declaration, the legal instrument that creates the condominium, which is recorded at the court house. A condo is a type of ownership, not the description of any unit in a multi-unit development.
 - iv. **Mobile/Manufactured** – (one and the same). Home built in a controlled factory environment on a permanent chassis which is designed to be used with or without a permanent foundation. Manufactured homes/mobile homes are generally constructed with wheels and axels with two hitches for transportation.
 - v. **Modular** – Home built in a controlled factory environment on a permanent flooring system (generally a wood floor joist system) which is designed to be used with a permanent foundation when connected to required utilities.
- h. **Tax information** relative to leased land:
- i. **16th section land lease** – each 16th section of a Township where the revenue from the lease benefits the county school district.

Lease fees are paid in addition to any applicable city and/or county taxes.

- ii. **Leasehold land** – land owned by an entity such as Pearl River Valley Water supply district. The tenant leases the land and pays a lease fee. Lease fees are paid in addition to any applicable city and/or county taxes.

i. Comp/Sold Date in MLS

- i. **Loan costs to seller** – seller costs shown on page 1, line 509 of the HUD1 (Borrower costs paid by seller) plus additional charges shown on lines 1201-1308 (Additional settlement charges).
 - ii. **Loan costs to buyer** – total amount of costs shown on line 103 of the HUD 1 (Settlement charges to borrower) less the amount of the seller paid costs shown on page 1, line 509 (Borrower costs paid by seller).
 - iii. **Appraised square feet** – contiguous (touching) heated and cooled living space
- j. **Lease Purchase** – a property that is currently LEASED with the agreement to buy/close at the end of the lease. There may be contingencies on this property but NO option to back out if contingencies are fulfilled. A lease purchase status should be reported as PENDING with notes in REALTOR remarks to describe the lengthy pending status.
- k. **Lease with Purchase Option** - a property that has a lease in place with an OPTION to purchase or not at the end of the lease. The status will be reported in accordance with the terms of the agreement between the parties.