

NAR LEADERSHIP TEAM WHITE PAPER
National Real Estate Library / Archive
(Formerly known as ‘The Gateway’)

The Challenge: Consumers can increasingly discover rich, detailed real property-related information online. This can present a challenge when a consumer references information that an agent cannot easily locate or verify. The information may be neither current nor accurate and yet the REALTOR® may not have a readily-available resource which contains the correct information.

A number of technology companies are actively working to aggregate property data and provide such information to consumers, with the potential of creating an “information gap” between content available to consumers and reliable information available to REALTORS®. Many of these companies do not operate on an industry-friendly model. Yet others are acquiring and assembling a data set of all real estate-related information so they can hook up robust consumer front ends to attract traffic.

Competition is ‘Good’! We can run from it, ignore it, give in to what some refer to as the ‘inevitable’, or we can discover the unique opportunities that a healthy competitive market drives us toward. These are difficult times for all of us, but always, always we must move FORWARD and see opportunity where others don’t. Now is the time to do everything we can to enhance the REALTOR® ‘value proposition’ and support the inherent promise of the REALTOR® as the ‘trusted advisor’. If not us, who?

The Opportunity: Collectively REALTORS® know more than anyone else about individual properties, communities, local trends, regulations, and other factors related to local real estate. If this collective knowledge (sometimes called “the wisdom of crowds”) could be organized and archived in a single industry-sponsored and operated database, REALTORS® could share their expertise and leverage their collective experience to provide broader, deeper, and more timely and accurate information to their customers.

We desire to do just that – arm our members with the most comprehensive information imaginable, literally for every property in the US. In that way our members will remain in the preeminent position to serve their clients with the best information available for any property.

The Solution: We propose creating a property or parcel centric national library or archive that has robust and useful information on virtually every property in the US. This information would be behind a firewall via password protected access so only our members get access to the information. This database will always be evolving with information constantly being added so the library will continue to grow. We see the entire industry as being important in helping to build the depth of information in the library. Imagine what we can build together with MLS's and REALTORS® participating, along with augmentation from third party data suppliers and other data collection methodologies. You will recall, at the May 2007, Midyear Meetings, the NAR Board of Directors approved a budget estimate of \$3mm plus to facilitate the creation of the Gateway. Much work has been done since then to position NAR to move quickly. We believe this aggressive action is needed now and is a critical component of our strategy to preserve the brokerage community's long term consumer relevant options.

SO, SPECIFICALLY, WHAT ARE WE TALKING ABOUT:

This Library/Archive will include active and off-market listings licensed from the local MLS but will go further, containing other important information not generally found in MLS. The database will be national in scope. Property information will never be purged. Rather than providing a 3-year or 5-year view of recent transactions, the system will provide a growing archive or profile of information on every property in the U.S., regardless of whether a particular property has been involved in a recent transaction.

This archive will not be an MLS. It will not support offers of compensation and cooperation. The system will not be designed as a marketplace. It will not support direct listing input (or the enforcement of MLS rules). Similarly, this database will not be a consumer-facing system. It will be a private, password-protected system built for professionals. It will be an information reference, research and reporting system – the “Lexis-Nexis” of the real estate industry. Members will be able to access information provided by all participating MLSs (not just their own local MLS) along with the other broad categories of property-centric (rather than listing-centric) information.

Most importantly, the solution is evolutionary not revolutionary. It will complement, not compete with, our most trusted partners, brokers, agents and MLSs. As with most complex database systems, the archive will be implemented in phases, with increasingly extensive data being added over time. Contemplated data sets include, but are not limited to:

- Listings (active and off-market) licensed from participating MLSs
- Unlisted property information from homebuilders and FSBOs (aggregated using web-crawling technology and other means). This information will not be made available to the public.
- Public records
- Parcel boundaries and mapping information
- Mortgage and other lien information
- Foreclosure information (e.g., notices of default, REOs)
- Archived properties' photos and other "rich" media
- Environmental information
- Disclosure documents (and any other transaction documents deemed suitable by a REALTOR®)
- Insurance claims information
- Community, school, and demographic information
- Property and community commentary provided by REALTORS®
- Property value estimates (based on computer automated valuation models)
- Other sources of information as these become available

There may be many other sets of information added to the database over time; if those product sets are deemed desirable and make sense, those too will be discussed and considered.

Listing input will not occur on the system. It will continue to occur through local MLSs where local business rules are appropriately administered. To ensure the greatest accuracy, we will pull licensed listing information directly from participating MLSs, using RETS technology to incorporate new listings/listing changes within 5 - 10 minutes, wherever possible.

For non-MLS data, other technology, including web-crawling, will be used. Information will have a "confidence score" and data acquired via web-crawling will likely be flagged with a lower confidence score than information sourced directly from MLSs. Quality assurance will be built into the system as much as possible and all entries annotated, time and date stamped.

Of course, we will abide by all nondisclosure laws applicable to private, password-protected systems accessed by real estate professionals. The impact of such regulations will be similar to the situation that MLSs face in nondisclosure states. In certain nondisclosure states, there may be less information available from these traditional sources.

WHAT IS SPECIAL OR UNIQUE ABOUT THE LIBRARY/ARCHIVE:

Key features will be:

- The database covers the whole country
- It is a property or parcel-centric database rather than a listing-centric database
- It is an ongoing archive. Unlike many MLSs, which purge listings after some period of time, it will store all relevant property data in perpetuity
- It includes information on properties not frequently included in MLS including FSBOs, information on homebuilders' new communities and home plans, etc.
- It includes commentary and unique, timely information on individual properties and areas input by REALTORS®
- It includes detailed community, school, demographic and amenity information on local neighborhoods.
- All property information will be available to REALTORS® regardless of whether they participate in any given MLS.
- In addition to every REALTOR®, all members of participating MLSs will have access to the Library/Archive, if legally required.
- It will contain information on every parcel of property possible, commercial, industrial, residential, resort, rental, etc... (One very useful source of data may be ePD, the new Commercial Platform we have acquired through Second Century Ventures).

HOW WILL IT BE BUILT AND OPERATED?

NAR will contract with information systems companies or technology providers to build and operate the Library/Archive on a limited-term contract, renewable at NAR's option. At all times NAR, through an Advisory Board made up of NAR members/staff, brokers, MLS members/executives, and State/Local members/staff, will control the functionality and usage of the system. We see the governance of this entity as broker controlled and MLS and Association-advised.

The operator will be responsible for obtaining all types of data that will be a part of the database. Contracts with multiple vendors may be necessary to piece together all of the information envisioned for the Library/Archive. Clearly, public records information will be critical to the national repository. It is important to note that every effort will be made to closely work with MLSs as they may, in fact, be the best public record provider in their respective locale.

Rather than attempting to build a public records database from scratch, NAR plans to license public records from existing public records vendors with the requisite experience and expertise. Again, it is expected that multiple vendors will be tapped to provide data since different vendors excel in different geographies.

The public records data will be accessible within the Library/Archive's web-based application rather than being exported for inclusion with local MLS databases. It is understood that MLSs will continue to make independent decisions to license their public records from the vendor of their choice (which may or may not be the same vendor providing the corresponding coverage within the Library/Archive application).

With regards to MLS's that may want to utilize the public records information that the technology provider obtains, there likely will be a cost. The public records vendors have specific licenses as to how the data will be used and by how many. A key objective will be to determine if we and our technology provider can successfully negotiate with public record(s) vendors to provide better pricing for MLS use, especially with the very large volumes anticipated.

NAR is interested in acquiring the best quality public records from a variety sources. In some cases this may be MLSs which collect and process and sublicense their own public records data.

Participation by associations and MLSs is entirely voluntary. However, we would hope to have REALTOR®-controlled MLSs agree to participate the same way they do with the public site, REALTOR.com. Obviously, a license agreement would be needed that outlines the terms for participation.

The intent is to reach out to all MLSs. Where there is overlap, our preference will be to partner with the Association-owned MLSs. If there is no association-owned MLS serving a given market, or where the Association-owned MLS chooses not to participate, we hope to work with independent MLSs.

Details of what will be in the licensing agreement have not been finalized, however it is safe to say that it is recognized clearly that we will not have ownership or rights in the data unless specifically authorized by the data supplier.

We expect there will be strong demand by our members and the broker community to participate in the Library/Archive and they could ask that their data be included should an MLS not participate. If an MLS chooses not to participate, but individual brokers do wish to realize the benefits, we will, at the brokers' request, accept data from the brokers.

IT HAS NOTHING TO DO WITH IDX OR ADVERTISING:

IDX feeds are not part of the project. IDX display standards, regulations and licensing terms vary from MLS to MLS and thus IDX is appropriately administered by MLSs at the local level. The Library/Archive is not advertising and it will not be available to consumers. It is an archive of information about properties only. There will not be any banner advertising.

WHO WILL OPERATE THE LIBRARY/ARCHIVE:

NAR and the Advisory Board will control all aspects of the Library/Archive, including the feature set, terms for participation and business rules. We will outsource the technical design and implementation to a technology vendor. The outsourcing agreement will be a limited-term contract, renewable or transferable at NAR's option.

It will be operated for NAR through one of its subsidiaries. The Advisory Board will establish all of the operating guidelines as well as ongoing system design and enhancements to the contracted operator of the system. The legal construct will be very much like the "work-for-hire" contracts MLS have with their vendors.

The bottom line is that we want to ensure that whoever the operator is, they are not authorized to independently make decisions regarding strategy, product or pricing models.

For other non-MLS data (e.g., public records, geospatial data, mapping, etc.) the Library/Archive operations team will work to address issues related to data accuracy and the cross-referencing of listing data with other data elements.

HOW WILL THE LIBRARY/ARCHIVE BE FUNDED AND MAINTAINED:

NAR plans to operate the National Library/Archive as an industry utility. Initial start-up costs will be funded by NAR without any direct expense to MLSs or end-users. We intend to provide universal access to all participating members without the need for them to purchase “preferential” access or paid upgrades.

The plan is to be revenue neutral while allowing for constant improvements to be made. We hope the industry will voluntarily contribute as much data as possible so that members can get the greatest benefit. Having MLS information melded with all types of other rich data sources pertaining to each property is powerful. One model we have looked at could have support handled locally but that needs much further review.

Participating MLSs will not receive compensation for licensing data for inclusion in the Library/Archive. Correspondingly, an MLS and its members will not pay a surcharge to access Library/Archive data provided by other MLSs. This structure is very similar to “reciprocity” or “data sharing” agreements among local MLSs today.

There are several scenarios for ‘ongoing operational funding’ that are being considered:

- Having NAR dues cover all aspects of the Library/Archive and support (call centers)
- Charging an access fee per member on a monthly or yearly basis
- Wholesale Library/Archive to MLS providers and allow them to charge a retail price (this obviously needs far more discussion with input from the advisory board)
- Other

The costs associated with sending data to the Library/Archive should be minimal for most MLSs. NAR has encouraged all Association-owned MLSs to be RETS compliant by June 2009 and most large MLSs already support the RETS data standard. For RETS compliant MLSs participating in the Library/Archive, the Library/Archive system will automatically “pull” data from the MLS on a regular schedule. This approach should require little or no new programming or expense for these MLSs.

For smaller MLSs which may not yet support RETS, we could use a “file export” approach, similar to the manner in which these MLSs provide data to REALTOR.com or local brokers. We will need to keep the complexity (and therefore associated costs) of this approach to a minimum.

Broker's information coming from the MLS that the broker does NOT want included, will not be included. If the information is part of the public records, regarding transactions in which the broker participated, it will be included. In other words, the information that a broker would exclusively supply to an MLS that they do not wish to be included, will not be. However, any information obtained from any other contracted sources will be.

WHAT WILL BE DISCUSSED AT THE MIDYEAR MEETINGS ON THIS SUBJECT:

The NAR Leadership Team has received the PAG report and wishes to extend its appreciation to all those who labored so long and hard to bring this critical issue to the fore. The Leadership Team is also extremely appreciative of the comments, ideas, suggestions, etc... that it has received from the rest of the family since then – brokers, agents, MLS Executives, State and Local Association Leadership and staff. We believe we have listened carefully and have crafted an approach which will move us towards a speedy but acceptable implementation plan for all concerned. We will discuss the white paper at the various MLS, State, Board Forums, the AEC, the Executive Committee, and ultimately place a motion similar to the following before the Board of Directors:

“That NAR move forward to negotiate with a technology provider(s) to create a National Property Library/Archive or repository capability, and further that an Advisory Board be established with the charge to deliver a ‘Proof of Concept’ working model of the Library/Archive. The pilot project will identify all major policies and procedures necessary to operationalize the system.”