

# What **MRED** wants you to know about outside comps

Beginning Sept. 30, MRED will allow parties to transactions conducted outside the MLS to enter sales data into connectMLS. Here's a Q and A which addresses questions you may have about this new feature.



## **1** MRED hasn't allowed submission of outside comps before. Why do it now?

A: Brokers have asked for the ability to enter comps when they represent a buyer. Now, they can submit valuations based on agent-provided data. Having these comps in MRED's system creates a more accurate, timely picture of valuations. Other MLS's nationwide have a similar policy.

## **2** What does this new policy mean?

This policy affects brokers who handle transactions which have never been entered into MRED's connectMLS. This policy will allow brokers to obtain credit for the transactions within the MLS for these sales. At the same time, adding in these outside comps provides a better picture of market activity for MRED's many subscribers.

An example of how this would work could involve FSBO (For Sale By Owner) properties. Under the old rules, if a broker brought a buyer to a FSBO property which was not represented in the MLS under an Exclusive Agency agreement, the buyer's agent would also need to represent the seller in order to have this property entered into the MLS. Often, sellers in this scenario were not willing to sign a listing agreement so there was no way to enter the sales data into the MLS.

Under MRED's revised policy, the broker involved in the transaction can enter the data into the MLS, providing they have the buyer's permission.



**Got questions?  
We have answers!**

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**3 What does the new rule state?**

Section 9.14 of MRED's Rules and Regulations was revised to state: REPORTING OF CLOSED TRANSACTIONS BY NON-LISTING BROKER. Only the Listing Broker Service Participant whose listing appears in the Service shall /may report a listed property in the Service as closed, however, a Service Participant may report any property as COMP if a Service Participant cooperated in the sale of a non-Participant's listing or in an unrepresented seller transaction as long as another Service Participant did not have an Exclusive Right to Sell, Exclusive Right to Lease or Exclusive Agency agreement with the seller of the property. (Underlined text indicates changes to MRED's rule)

Any reporting of a closed transaction for a property in violation of this rule will result in an automatic fine of up to \$1,000 per infraction, based on the number of offenses.

**4 Is it required that I enter in an outside comp if I was the buyer's agent and there was no listing broker?**

A: No, this is optional.

**5 Do I need a listing agreement or permission to enter a listing?**

A: Yes. You will need to get permission to enter the transaction into connectMLS, but MRED does not require you to obtain a listing agreement or authorization form.

MRED provides a form which you can use with parties to the transaction to obtain permission to enter the comp into connectMLS, but it is up to you to use it. Before a comp can be entered into connectMLS, you will have to check a box that indicates permission has been given and you were a party to the transaction. Check with your managing broker to see what your office's policy will be.

**6 If I do not need an authorization form, why is one available?**

A: It is optional to use a form, but MRED recommends that you do. It is always a best practice to have permission in writing. Your managing broker may want to create an office policy for submitting outside comps. Your managing broker may have a policy to address this, so be sure to ask.

**7 Can I put in a rental as a comp?**

A: Yes. You can enter comps into the MLS for all property types.



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## **8 What fields are required?**

- A: There are a few basic fields that must be filled out for each comp. These include:
- Sales Price
  - Concessions
  - Type of Financing
  - Upgrade amount if property is new construction
  - Address
  - Bathrooms
  - Bedrooms
  - Basement field including finished or unfinished
  - Garage
  - Exterior type
  - An exterior photo of the front of the property must be included.
  - Is parking included in price?

## **9 Why are there only a few required fields?**

A: Buyers' brokers may not have access to a property's interior. In creating the policy, MRED met with a focus group comprised of appraisers and they provided insight on what fields would need to be required to make the entry a viable comp. A second phase of the integration of comps, which will debut soon, will allow you to add the same details you would for a regular listing.

## **10 How long do I have to enter in an outside comp?**

A: The rule which requires closed transactions to be entered within 48 hours applies unless you have written direction from the buyer specifying a certain date to enter it in.

## **11 I have an outside comp that predates the start of this policy. Is it too late to enter it?**

A: You can enter an outside comp for properties which closed or rented on or after Jan. 1, 2020. You have 60 days from Sept. 30, 2020 to enter in a previous comp.

## **How do I list an outside comp?**

**12**

A: We created a property type "COMP. Sold outside the MLS" for these listings.



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**13 What do I put in for the listing broker ID?**

A: The listing broker's ID will automatically update in the system as a comp ID once the COMP property type is selected. You will enter your ID as the buyers' broker.

**14 I was a dual agent on the transaction. Can I enter the listing in the comp status?**

A: No, if you were the listing broker, you would enter it in the appropriate property type, representing yourself as the listing broker and buyer's broker.

**15 Will I receive year-end credit for sales which were the result of outside comps?**

A: Yes. This is one of the important reasons brokers told us they wanted the ability to enter outside comps.

**16 How will stats related to Comps be displayed?**

A. Under MRED's rules, brokerages will receive "credit" for transactions including the number of units and price. However, no market time will be recorded. Comps will be provided as "back office data" only and will not be publicly syndicated.