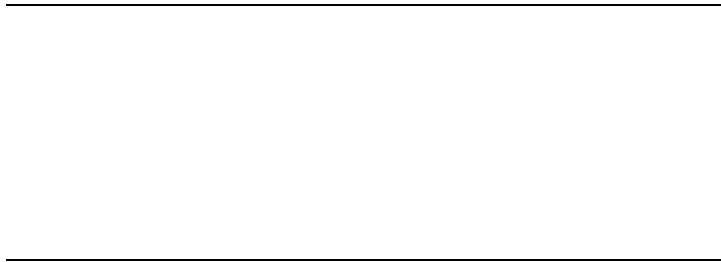


UNITED STATES OF AMERICA



RESPONDENT AND ITS MEMBERS

PARAGRAPH 1. Respondent MiRealSource, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Michigan, with its office and principal place of business at 5700 Crooks Road, Suite 102, Troy, Michigan 48098. The shareholders of Respondent are real estate brokers doing business in Southeastern Michigan, and are commonly referred to as “members” of the Respondent.

PARAGRAPH 2. Respondent is organized for the purpose of serving its members’ interests, including their economic interests, by promoting, fostering, and advancing the real estate brokerage service

- (B) Affect the transmission of real estate listing information to public real estate web sites that are intended for a national audience, including Realtor.com.

THE CHALLENGED CONDUCT

PARAGRAPH 7. Respondent has restrained competition in the provision of residential real estate brokerage services by combining or conspiring with its members or others, or by acting as a combination of its members or others, to hinder unreasonably the ability of real estate brokers in Southeastern Michigan to offer residential real estate brokerage services on terms other than those contained in the traditional form of listing agreement known as an Exclusive Right to Sell Listing.

PARAGRAPH 8. An Exclusive Right to Sell Listing is a listing agreement under which the property owner or principal appoints a real estate broker as his or her exclusive agent for a designated period of time, to sell the property on the owner's stated terms, and agrees to pay the broker a commission when the property is sold, whether by the listing broker, the owner or another broker. An Exclusive Right to Sell Listing is the form of listing agreement traditionally used by listing brokers to provide full-service residential real estate brokerage services.

PARAGRAPH 9. An alternative form of listing agreement to an Exclusive Right to Sell Listing is an Exclusive Agency Listing. An Exclusive Agency Listing is a listing agreement under which the listing broker acts as an exclusive agent of the property owner or principal in the sale of a property, but reserves to the property owner or principal a right to sell the property without further assistance of the listing broker, in which case the listing broker is paid a reduced or no commission when the property is sold.

PARAGRAPH 10. Exclusive Agency Listings are a means by which listing brokers can offer lower-cost, Unbundled Real Estate Brokerage Services to home sellers. Unbundled Real Estate Brokerage Services are lawful arrangements pursuant to which a liunt

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PARAGRAPH 12. To be listed in the MLS, a home seller must enter into a listing agreement with a listing real estate broker that is a member of the MLS. The compensation paid by the home seller to the listing broker is determined by negotiation between the home seller and the listing broker. Whatever type of listing agreement is entered into between the home seller and the listing real estate broker, the MLS rules require that the home seller must offer to pay a commission to a cooperating real estate broker, known as a selling broker, who successfully secures a buyer for the property. If the home seller fails to pay a commission to a selling broker who secures a buyer for the property, the selling broker may recover the commission due from the listing agent, under rules and procedures established by the MLS.

PARAGRAPH 13. Beginning in 2003, Respondent adopted a series of rules designed to thwart competition by firms using alternative business models for real estate brokerage services in Southeastern Michigan. During this time frame, Respondent was well aware that these alternative business models used Exclusive Agency Listings to offer a menu of services that a home seller could choose from at a significantly lower price. Respondent believed that these alternative business models were gaining ground with home sellers and home buyers during this time period and adopted rules in response to this additional competition.

PARAGRAPH 14. In or about August 2003, Respondent adopted a rule that precludes the acceptance of any listings into the MiRealSource MLS other than Exclusive Right to Sell Listings (the “Exclusion Policy”). The Exclusion Policy became effective on or about August 8, 2003. The Exclusion Policy was aimed at precluding Exclusive Agency Listings from the MiRealSource MLS.

PARAGRAPH 15. In or about the summer of 2003, MiRealSource adopted a “Co-Mingling Policy.” The Co-Mingling Policy precluded MiRealSource members that operated public web sites from permitting MiRealSource listing information on such sites from being searched by users of the sites together with listing information from other sources. The Co-Mingling Policy was adopted by MiRealSource to prevent information concerning Exclusive Agency Listings from being mixed in with MiRealSource listings on public web sites. In or about the summer of 2005, MiRealSource eliminated the Co-Mingling Policy because full service broker members complained about the rule.

PARAGRAPH 16. In or about early 2004, Respondent adopted a rule specifying the minimum set of real estate brokerage services that a listing broker was required to offer in order to have a listing on the MiRealSource MLS (the “Listing Broker Policy”). MiRealSource adopted the Listing Broker Policy because Unbundled Service Providers were using listing agreements that allow home sellers to choose from a menu of services for a fee. At or about the time that the Listing Broker Policy was adopted, MiRealSource believed that these alternative pricing models were gaining ground with home sellers and home buyers.

PARAGRAPH 17. In or about August 2004, MiRealSource amended its Rules and Regulations to contain the following language: “Each Shareholder requesting MLS service must maintain a physical office.” In 2006, MiRealSource amended this language to the following: “Each Shareholder requesting MLS service must maintain a physical

PARAGRAPH 22. The publication and sharing of information relating to residential real estate listings for the purpose of brokering residential real estate transactions is a key input to the provision of real estate brokerage services, and represents a relevant input market. Publication of listings through the MiRealSource MLS is generally considered by sellers, buyers and their brokers to be the fastest and most effective means of obtaining the broadest market exposure for property in the MiRealSource Service Area.

PARAGRAPH 23. Participation in MiRealSource is a service that is necessary for the provision of effective residential real estate brokerage services to sellers and buyers of real property in the MiRealSource Service Area. Participation significantly increases the opportunities of brokerage firms to enter into listing agreements with residential property owners and to assist prospective buyers in obtaining properties that fit their needs, and significantly reduces the costs of obtaining up-to-date and comprehensive information on listings and sales. The realization of these opportunities and efficiencies is important for brokers to compete effectively in the provision of residential real estate brokerage services in the MiRealSource Service Area.

PARAGRAPH 24. Access to the Approved Web Sites is a service that is necessary for the provision of effective residential real estate brokerage services in the MiRealSource Service Area. Home buyers regularly use the Approved Web Sites to assist in their search for homes. The Approved Web Sites are the web sites most commonly used by home buyers in their home search. Many home buyers find the home that they ultimately purchase by searching on one or more Approved Web Sites.

PARAGRAPH 25. The most efficient and, at least in some cases, the only means for MiRealSource members to have their listed properties visible to the public on the Approved Web Sites is by having MiRealSource transmit those listings.

PARAGRAPH 26. By virtue of industry-wide participation and control over the ability of real estate brokers to participate in the MiRealSource MLS and the ability of home sellers to publicize their homes for sale on Approved Web Sites, MiRealSource has market power in the MiRealSource Service Area.

THE MIREALSOURCE POLICIES HAVE NO EFFIC

VIOLATION

PARAGRAPH 28. In adopting the policies and engaging in the acts and practices described herein, MiRealSource has combined or conspired with its members or others, or acted as a combination or conspiracy of its members or others, to restrain trade in the provision of residential real estate brokerage services within Southeastern Michigan and/or the MiRealSource Service Area.

PARAGRAPH 29. The acts and practices of MiRealSource described herein constitute an agreement that only listings based exclusively on traditional contract terms as dictated by MiRealSource will be placed in the MiRealSource MLS, and thereby eliminate certain forms of competition. The acts and practices have no cognizable and plausible efficiency justifications and are inherently suspect restraints of trade.

PARAGRAPH 30. The acts and practices of MiRealSource described herein constitute a concerted refusal to deal by competitors, except on specified terms, with respect to services that are necessary for the provision of effective residential real estate brokerage services. As such, the acts and practices are inherently suspect restraints of trade that have no cognizable and plausible efficiency justifications.

PARAGRAPH 31. The purposes, capacities, tendencies, or effects of the policies, acts, or practices of MiRealSource and its members as described herein have been and are unreasonably to restrain competition among brokers, and to injure consumers, in the market for provision of residential real estate brokerage services within Southeastern Michigan and/or the MiRealSource Service Area.

PARAGRAPH 32. The policies, acts, practices, and combinations or conspiracies described herein constitute unfair methods of competition in or affecting interstate commerce in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45.

NOTICE

Notice is hereby given to the Respondent that the eighth day of January, 2007, at 10:00a.m., or such later date as determined by an Administrative Law Judge of the Federal Trade Commission, is hereby fixed as the time and Federal Trade Commission offices, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580, as the place when and where a hearing will be had before an Administrative Law Judge of the Federal Trade Commission, on the charges set forth in this complaint, at which time and place you will have the right under the FTC Act to appear and show cause why an order should not be entered requiring you to cease and desist from the violations of law charged in the complaint.

You are notified that the opportunity is afforded to you to file with the Commission an answer to this complaint on or before the twentieth (20th) day after service of it upon you. An answer in which the allegations of the complaint are contested shall contain a concise statement of the facts constituting each ground of defense; and specific admission, denial, or explanation of each fact alleged in the complaint or, if you are without knowledge thereof, a statement to that effect. Allegations of the complaint not thus answered shall be deemed to have been admitted.

If you elect not to contest the allegations of fact set forth in the complaint, the answer shall consist of a statement that you admit all of the material facts to be true. Such an answer shall constitute a waiver of hearings as to the facts alleged in the complaint and, together with the complaint, will provide a record basis on which the Administrative Law Judge shall file an initial decision containing appropriate findings and conclusions and an appropriate order disposing of the proceeding. In such answer, you may, however, reserve the right to submit proposed findings and conclusions under Rule 3.46 of the Commission's Rules of Practice for Adjudicative Proceedings and the right to appeal the initial decision to the Commission under Rule 3.52.

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Failure to answer within the time above provided shall be deemed to constitute a waiver of your right to appear and contest the allegations of the complaint and shall authorize the Administrative Law Judge, without further notice to you, to find the facts to be as alleged in the complaint and to enter an initial decision containing such findings, appropriate conclusions, and order.

The ALJ will schedule an initial prehearing scheduling conference to be held not later than 14 days after the last answer is filed by any party named as a Rer w Td(ys a7 0 Td9 0 Td(0 Td(a)Tjele facts

DEFINITIONS

For the purposes of this Ord

- G. “Mirealsource.com” means the Website operated by MiRealSource that allows the general public to search information concerning real estate listings from MiRealSource.
- H. “Realtor.com” means the Website operated by the National Association of Realtors that allows the general public to search information concerning real estate listings downloaded from a variety of MLSs representing different geographic areas of the country, including but not limited to real estate listings from MiRealSource.
- I. “Approved Website” means a Website to which MiRealSource or MiRealSource MLS provides information concerning listings for publication including, but not limited to, MiRealSource Shareholder IDX Websites, Mirealsource.com, and Realtor.com.
- J. “Exclusive Right to Sell Listing” means a listing agreement under which the property owner or principal appoints a real estate broker as his or her exclusive agent for a designated period of time, to sell the property on the owner’s stated terms, and agrees to pay the broker a commission when the property is sold, whether by the broker, the owner or another broker, or any other definition that MiRealSource ascribes to the term “Exclusive Right to Sell Listing.”
- K. “Exclusive Agency Listing” means a listing agreement that authorizes the listing broker, as an exclusive agent, to offer cooperation and compensation on a blanket unilateral basis, but also reserves to the seller a general right to sell the property on an unlimited or restrictive basis, or any other definition that MiRealSource ascribes to the term “Exclusive Agency Listing.”
- L. “Services of the MLS” means the benefits and services provided by the MLS to assist MiRealSource Shareholders in selling, leasing and valuing property and/or brokering real estate transactions. With respect to real estate brokers or agents representing home sellers, Services of the MLS shall include, but are not limited to:
1. having the property included among the listings in the MLS in a manner so that information concerning the listing is easily accessible by cooperating brokers; and
 2. having the property publicized through means available to the MLS, including, but not limited to, information concerning the

listing being made available on Mirealsource.com, Realtor.com
and IDX Websites.

7. deny or restrict the Services of the MLS to Exclusive Agency Listings or other lawful listings in any way that such Services of the MLS are not denied or restricted to Exclusive Right to Sell Listings; and
8. treat Exclusive Agency Listings, or any other lawful listings, in a less advantageous manner than Exclusive Right to Sell Listings, including but not limited to, any policy, rule or practice pertaining to the searching, sorting, ordering, transmission, downloading, or displaying of information pertaining to such listings.

Provided, however, that nothing herein shall prohibit the Respondent from adopting or enforcing any policy, rule, practice or agreement regarding subscription or participation requirements, payment of dues, administrative matters, or any other policy, rule, practice or agreement, that it can show is reasonably ancillary to the legitimate and beneficial objectives of the MLS.

III.

IT IS FURTHER ORDERED that Respondent shall, no later than thirty (30) days after the date this Order becomes final, amend its rules and regulations to conform to the provisions of this Order.

IV.

IT IS FURTHER ORDERED that, within ninety (90) days after the date this Order becomes final, Respondent shall (1) inform each MiRealSource Shareholder of the amendments to its rules and regulations to conform to the provisions of this Order; and (2) provide each MiRealSource Shareholder with a copy of this Order. Respondent shall transmit the rule change and Order by the means it uses to communicate with its members in the ordinary course of MiRealSource's business, which shall include, but not be limited to: (A) sending one or more emails with one or more statements that there has been a change to the rule and an Order, along with a link to the amended rule and the Order, to each MiRealSource Shareholder; and (B) placing on the publicly accessible MiRealSource Website (www.MiRealSource.com) a statement that there has been a change to the rule and an Order, along with a link to the amended rule and the Order. Respondent shall modify its Website as described above no later than five (5) business days after the date the Order becomes final, and shall display such modifications for no less than ninety (90) days from the date this Order becomes final. The Order shall remain accessible through common search terms and archives on the Website for five (5) years from the date it becomes final.

V.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least thirty (30) days prior to any proposed change in Respondent, such as dissolution, assignment or sale resulting in the emergence of a successor corporation or any other proposed changes in the corporation which may affect compliance obligations arising out of the Order.