

# Joining ARMLS: A Wise Financial Decision?

Open Letter to PAAR

From: Michael Yarnes, CEO and Associate Broker, Rent Right Management Solutions

Good day. In an effort to be better informed for the upcoming vote on joining ARMLS, I have done some research. I wanted to share with you this information and the questions it generated.

## **My greatest concern remains: Is joining ARMLS a wise financial decision for our membership, association and ultimately, our community?**

First and foremost, I would be highly concerned if I were a Broker employing sales agents. I would question whether my brokerage can compete with the brokers in Phoenix in terms of fee structure and providing value. I recognize that this issue is a broker/owner responsibility and ultimately is perceived as having nothing to do with most members. That being said, it should be an association concern. How many sales agents will leave a PAAR brokerage to join a Phoenix area brokerage? How many agents can PAAR afford to lose and still remain viable as an association?

PAAR currently has \$1,257,563.48 in assets as of June 30,2016. Why are we sitting on this level of financial resources while we "fall behind?" Could some of these funds be utilized to resolve the challenges — oversight of data integrity, data compliance, and contract negotiations with large syndicators — which the Board currently sees in our future? What is the point of having capital and not putting it to work while you fall behind in sales and service to clients?

FlexMLS is an MLS provider which PAAR pays to utilize its offering. The burden of staying ahead of technology also should fall on Flex, not just the association.

If we vote to join ARMLS and PAAR dissolves, what happens to these reserve funds? How and to whom will they be distributed? My research indicates that the balance will go to the Arizona Association of REALTORS®.

If PAAR dissolves, what happens to all of our affiliate partners and their lines of business in the Prescott area? Will large title, lending and other real estate service companies from the Valley compete to serve the Prescott area and thus reduce local affiliate revenues?

My understanding is that upon joining ARMLS our annual MLS fees — not to be confused with our PAAR dues— will increase from \$240 annually to \$288. What provision within the contract states how often and how much those fees can increase? We will still pay PAAR dues. Will local dues increase to make up for the lost revenue generated by surplus MLS fees?

I also understand ARMLS will pay PAAR to be a support center for five years. What happens at the end of that term? Will fees increase then?

The membership of PAAR should insist on having an unbiased third party evaluate the financial benefits and ramifications of this potential move to ARMLS and report back its independent findings to the membership.

We (the membership) have been told that there are financial conditions within this decision that are confidential. Having financials that cannot be disclosed makes it impossible for me or any other member to evaluate the full weight of this decision. I personally would never make a decision to support or deny any business opportunity without full disclosure of the financials.

I have been informed that the projections were done by an individual from ARMLS and a staff member from PAAR. I would be curious to know the qualifications of those individuals in financial analysis and the level of tolerance within the projections. Has anyone else reviewed these projections? If the projections are off, what are the ramifications and who will be held accountable?

I hope other PAAR members find this research and information useful in making an informed decision about the potential move to ARMLS.

Let your needs, wants and voice be heard and counted. Carefully consider the pros and cons. **I will vote against.**

**NOTE: This email is another in a series by Prescott area REALTORS® working diligently to ensure that every member of PAAR is aware of the magnitude of the decision before us and the importance of everyone taking action so that their voices are heard and counted. Watch for additional emails with details about the ARMLS issue and its implications.**

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