



## **Inman News**

### **[Homeowners can now sell on MLS for no listing fee](#)**

By Teke Wiggan

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*USRealty.com's free FSBO product could entice more sellers to test the market*

#### **Key Takeaways**

- USRealty.com, headed by the founder of ForSaleByOwner, has provided a way for homeowners to list on the MLS and sell their homes for free.
- The free product aims to "upsell" paid products to homeowners who use the firm's free MLS listing option.
- Despite a recent flood of new FSBO services, NAR data suggests demand for FSBO services remains low and may have even decreased.

What if joe-six-pack could market a home to the full universe of potential buyers and sell his property without spending a dime?

Well, now he can.

USRealty.com, whose CEO previously founded and sold one of the most popular for-sale-by-owner (FSBO) websites, is now offering MLS listings to sellers in dozens of states for no upfront cost or fees upon closing.

### **The business model — how can free MLS listings make money?**

Offering few services beyond MLS placement, the product is crafted to get customers in the door so USRealty.com can “upsell” additional services.

But if nothing else, the listing product provides an attractive way for sellers to test the market without paying or promising to pay anything, with the option to buy additional services (or not) if they decide to go all in.

Part of why USRealty.com can offer free MLS listings — along with listing packages that actually cost money but are nonetheless cheaper than many competing FSBO products — is because USRealty.com doesn't list properties on the MLS through outside brokers. Instead, the firm employs around half a dozen in-house brokers to list properties on the MLS.

“We're turning the MLS into a ‘freemium’ model on the internet,” said CEO Colby Sambrotto, referring to pricing models that offer a free version of a service with optional upgrades.

### **Building ‘a better mousetrap’**

Sambrotto previously founded and sold ForSaleByOwner, a FSBO service that sold somewhere approaching 10,000 properties in 2015, according to data released by the firm. USRealty.com has “gathered tens of thousands of listings” in the

last two years from a mix of owner-occupants and investors, according to Sambrotto.

By offering free MLS listings, Sambrotto said, USRealty.com has “built a better mousetrap” to snag homeowners who may be reluctant to spend what could turn out to be wasted money on FSBO products if they don’t succeed in selling their property.

USRealty.com’s free MLS listings offers a six-month MLS listing with one photo, syndication to property search sites and answers to email questions from USRealty.com’s brokers.

Adding multiple photos to listings (\$30), making changes to listings (\$25 per edit), forms review or phone consultation by brokers, and canceling a listing (\$50) all carry a cost.

If sellers want additional services, they may be tempted to upgrade to the site’s “Gold” (\$99) or “Platinum” (\$199) packages — which bundle together services that would cost more if purchased one-by-one.

### **Free plan ‘not a gimmick’**

Sambrotto says that the free plan is not a gimmick.

“My hope is that the free sellers will avail themselves of additional products and services,” Sambrotto said. “However, I guarantee that we will get a lot of people sold right off the free listing.”

Even if the lion’s share of sellers who sign up for USRealty.com’s free plan end up shelling out for additional services, the free MLS listing still lets sellers test a listing price and gauge full demand for a property before opening their wallets, he says.

Sambrotto said he isn’t aware of any service that has made this possible at a national scale before, and he believes the product

could push a lot of homeowners on the fence about selling — or even just toying with the idea — into giving it a shot.

## **How USRealty.com differs from other services**

Some FSBO services will place a listing for a small period of time on a FSBO website or a handful of sites free of charge, but free listing products rarely — if ever — include an MLS listing.

Many FSBO sellers think better of using free services that don't include an MLS listing. That's because doing so can negatively impact a home's sales price primarily for two reasons:

- First, it can limit the number of sites where a listing appears since MLSs typically syndicate for-sale properties to dozens, if not hundreds, of property search sites.
- But more importantly, it means the property isn't marketed with an offer of compensation to an area's full roster of brokers. That reduces the likelihood that agents will show the home to their clients, potentially blunting demand for the home.

USRealty.com advises clients who use its free MLS plan to offer at least a 2.5 percent commission to buyer's brokers, with a required minimum offer of 1 percent.

Individual sellers (non-investors) who bought USRealty.com listing products before the site offered a free option offered about 2.25 percent on average, Sambrotto said.

## **Using licensed brokers**

One reason why USRealty.com can deploy a freemium model is that the firm has licensed real estate brokers.

Because FSBO services often aren't licensed brokers, they typically must pay "partner brokers" to list properties in the MLS. That fee is then passed onto the FSBO service's seller client.

But since USRealty.com employs in-house, licensed brokers, it's been able to join multiple listing services (MLSs) and list properties in the MLS on behalf of sellers all by itself. That cuts out any middlemen "partner broker," allowing USRealty.com to charge lower fees.

USRealty.com holds licenses in 33 states and belongs to more than 100 MLSs, Sambrotto said. Building this footprint has been a "huge" and costly undertaking — explaining why few, if any, FSBO services list properties in the MLS in-house and at scale, he said.

As a real estate brokerage that doesn't provide the full range of traditional services, USRealty.com has to be careful to provide enough support to clients to comply with state laws and MLS requirements.

That's "a very big priority for us," Sambrotto said. "Probably priority No. 1."

In Nebraska, for example, like all other licensed brokers in the state, USRealty.com's local broker is required to serve as an intermediary between buyers and sellers, review offers, estimate closing costs and supervise trust accounts.

Providing that level of service forces USRealty.com to charge \$495 for its cheapest listing package there, Sambrotto said. It can't offer a free MLS listing in that state.

### **FSBO and limited-service brokerages on the rise?**

FSBO and limited-service brokerages, including USRealty.com, HomeLister.com and a revamped Owners.com, seem to be popping up left and right these days. The trend is unusual given NAR's finding that FSBO sales as a share of total home sales fell to their lowest level since 1981.

Only 8 percent of recent homesellers sold their homes as FSBOs, according to NAR's 2016 Profile of Home Buyers and Sellers. That's down from 13 percent in 2005.

That figure may underestimate the popularity of FSBO sales because it likely excludes a segment of sellers who used "MLS-only" or "limited-service" agents, many of which work for or partner with what — for all intents and purposed — are FSBO services.

But even if that's true, the share of FSBO sellers who were left out of NAR's FSBO figure remains relatively small and has only grown marginally over the last 10 years, according to NAR data.

Only 12 percent of sellers who used agents worked with "MLS-only" agents — the type of agent (technically, brokers) that works at USRealty.com. That's up from 8 percent in 2006, but has remained flat for the last four years.

Meanwhile, only 9 percent of sellers who used agents worked with "limited-service" agents — the same share that used that type of agent in 2006.

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