



CONNECTICUT MULTIPLE LISTING SERVICE, INC.

Business Plan

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Connecticut Multiple Listing Service, Inc.

Business Plan **INTRODUCTION**

This document describes the planned startup of operations and the continuing operation of the Connecticut Multiple Listing Service, Inc. (CTMLS). It also describes three business plan scenarios that were analyzed and the assumptions underlying each one of the scenarios.

Startup and Ongoing Operations

1. **Ownership** - CTMLS will convert to a Connecticut non-stock corporation owned by the Connecticut Association of REALTORS®. An advantage of Association/Board ownership is that coverage can be provided under NAR's E&O blanket insurance policy. Additionally, NAR might, under certain circumstances, participate in the defense of lawsuits against CTMLS.
2. **Governance** - CTMLS will continue to be governed by a Board of Directors as specified in its current Bylaws.
3. **Hours of Operation and User Hotline Support** - CTMLS will operate from 8:30 AM to 6:00 PM, Monday through Friday, exclusive of holidays. There will be no need for weekend hours since user toll-free hotline support will be provided by First American MLS Solutions (FAMLSS). This hotline support, known as AnswerLink, will be provided:
 - ❑ Monday to Friday, 8:30 AM to 8:00 PM
 - ❑ Saturday and Sunday, 8:30 AM to 3:30 PM

With AnswerLink, onsite hotline technical support at CTMLS is not required, but if a subscriber places a call for help to CTMLS, the CTMLS staff will attempt to assist the subscriber before suggesting that they call the AnswerLink hotline. AnswerLink will negate the need to provide dedicated computers, high speed broadband communications or associated software to the homes of any CTMLS staff members for monitoring operations while at home.

4. **Staffing** - When the Eastern Connecticut Association of REALTORS® (ECAR), the Co-op MLS and Consolidated Multiple Listing Service (CMLS) all migrate to CTMLS, the senior staff of CTMLS will consist of a Chief Executive Officer (CEO) and a Chief Operating Officer (COO.) The CEO will report to the Board of Directors and the COO will report to the CEO. CTMLS will not consider any existing Association/Board of REALTORS®/MLS Executive or any other Association Executive with prior MLS history in Connecticut for the CEO position.

In the initial stage of CTMLS operations, a temporary, up to 5-member Management Council will be formed to assist the Board of Directors and the CEO. Until a CEO is hired, the Management Council will report to the Board of Directors. Upon hiring, the Management Council will report to the CEO.

The members of the Management Council will consist of Association Executives and/or MLS Executives that represent all areas of the state. The chairman of the Management Council will be John Bolduc, RCE, Association Executive of ECAR.

The duties of the Management Council will be as defined by the Board of Directors. However they will include, but not be limited to:

- Surveying of existing Connecticut MLSs that will potentially be migrating to CTMLS to identify assets that can be used by CTMLS. Special attention will be paid to software currently operating in the MLSs to determine if any will be relevant to CTMLS and if possible, what will be the process and cost to transfer the licenses of such software to CTMLS. Specific software to be looked at includes, but is not limited to,
 - Rapattoni association management software (Magic),
 - Heat customer relationship management software,
 - LANDesk remote desktop sharing software,
 - Revation online chat software,
 - REI Data listing accuracy verification software,
 - ThreeWide data security software,
 - Form-Docs online fillable forms software,
 - Current operating systems, office productivity software, Exchange Server and Web Server.
- Surveying of the Co-op and CMLS to identify any staff that could be retained by CTMLS.

5. **Initial Training** - The training of all subscribers to CTMLS will be conducted by First American Multiple Listing Service Solutions (FAMLSS), but because of the number of people to be trained, these training sessions might not be held at the Service Centers. This training will only cover MLXchange and not new member orientation. New member orientation will be the responsibility of the Service Centers.
6. **Ongoing Training** - All ongoing training will be conducted at the Service Centers. There will be no training facilities at the location of CTMLS.

All new subscribers to CTMLS will be required to attend a training session to be coordinated by the Service Centers. These training sessions will cover the Rules and Regulations of CTMLS and the use of MLXchange. This training will be conducted by CTMLS trainers who can bring some laptop PCs to the training sessions.

7. **Data Conversion** - Electronic data conversion of listings from the MLS systems of ECAR, the Co-op and CMLS at the time of their migration to CTMLS will be handled automatically by FAMLSS.
8. **Service Centers** - CTMLS views its relationship with the Service Centers as a partnership, which is intended to provide all common members with high quality MLS service and support. The Service Centers will be responsible for providing services and facilities as stipulated in the Service Center agreement between Associations and CTMLS. CTMLS will not be required to provide any equipment, software or high speed broadband communications to the Service Centers. Service Centers are responsible for subscriber sign up and authentication of their REALTOR® status. They may choose to input agent listings as a service to subscribers and at a fee they choose to charge.
9. **Supra Lockboxes** - It is the intent of CTMLS that there be one lockbox system for the entire State, that only one “key” be required to open lockboxes statewide and that this key will only have to be updated once on a daily basis to provide access to all lockboxes. This will be accomplished via a reciprocal code sharing agreement between the entities with lockbox contracts. However, at this time, each MLS has its own agreement with Supra and these agreements need to be examined to see if one agreement can cover the entire state.

CTMLS is willing to assume the CMLS contract with Supra subject to approval of the terms of the agreement

The sale and distribution of the lockboxes will be the responsibility of the Service Centers, not CTMLS.

Financial Analysis

A careful financial analysis was prepared as part of the CTMLS business plan. Three scenarios were evaluated and can be considered “worst case”, “optimistic case” and “best case”. The three scenarios are as follows:

Scenario 1 – depicts the situation where CTMLS starts operations with ECAR’s MLS subscribers and no others subsequently join CTMLS. This is not a very realistic scenario, but it answers the question “what if” in the event the MLS serves ECAR subscribers exclusively.

Scenario 2 – analyzes the situation where both ECAR and Co-op subscribers concurrently start using the CTMLS system from FAMLSS. This is a more realistic scenario and certainly more desirable than the first.

Scenario 3 – is similar to Scenario 2, but has CMLS subscribers joining CTMLS a few months after ECAR and Co-op subscribers. This scenario also offers more services to subscribers than the first two scenarios. It is the preferred scenario because it provides the most services and provides them to the greatest number of REALTORS® in Connecticut.

Summary spreadsheets attached to this report portray the revenues and expenses, or cash flows, associated with each of the three scenarios. More highly detailed spreadsheets were furnished separately to the CTMLS Board of Directors. Questions about the summarized data can most likely be answered by viewing the more detailed sheets. Also furnished to the Board of Directors is a supporting document entitled "Source Data." It shows the costs used in the cash flow analyses. It can be helpful when studying the detailed worksheet for each scenario.

Assumptions

There are several facts, estimates and assumptions that apply to all three scenarios studied. The more significant ones are as follows:

- ❑ Association Executives and REALTORS® from ECAR, CMLS and the Co-op will form a committee to design consolidated data forms and have their work completed by June 1, 2006. The committee will be composed of one Association Executive and one REALTOR® from ECAR, the CEO and one REALTOR® from CMLS and one Association Executive and one REALTOR® from the Co-op.
- ❑ There will be a one-time \$200 application fee for Participants and no application fee for subscribers. Subscribers will pay a flat monthly fee, initially planned to be \$26.00.
- ❑ The number of subscribers stated in this report and the accompanying spreadsheets always includes the number of Participants as well.
- ❑ The scenarios cover the period from May 1, 2006 through July 31, 2010. This time period was selected because the FAMLSS system contract expires in July 2010.
- ❑ Payroll costs were obtained from the Connecticut Department of Labor and FAMLSS. They were fringed up 25% for full-time employees and 12% for part-time employees. Salaries were increased 5% per year.
- ❑ Some recurring costs were inflated 5% annually, especially when they were considered somewhat firm estimates. Other costs not considered as firm were not inflated. Inflated costs are so indicated on the detailed cash flow spreadsheets with an asterisk (*).
- ❑ A payroll service like Paychex or ADP will be used for payroll preparation, withholdings, withholding deposits and government reports.
- ❑ Credits due certain Participants are issued in the months of November and December 2006. The credits result from some Participants paying \$500 instead of a \$200 application fee and ECAR contributing \$200 for some Participants who already contributed \$500.
- ❑ The FAMLSS MLXchange system will begin operation in early November 2006. FAMLSS will start billing three months later in February 2007. FAMLSS will be responsible for all initial training, especially for subscribers from ECAR and CMLS. CTMLS will be responsible for ongoing training of new subscribers after FAMLSS' initial training is completed.

- ❑ No provision was made for new subscribers and Participants coming into the MLS or dropouts during the analysis period through July 2010. This is because the numbers would be an uncertain guess. The same is true for revenues from fines associated with rules violations. Further, interest income and income taxes have not been factored into the analyses.
- ❑ There is some overlap in Participants and subscribers between MLSs today, but the numbers are indeterminable and therefore left out of the analyses. There might be some justification for using larger numbers of Participants and subscribers in Scenario 3, but using lower numbers produces a more conservative, less optimistic analysis.
- ❑ It was assumed that CTMLS will start with \$100,000 in cash on May 1, 2006.
- ❑ The cost for FAMLSS to convert ECAR's AmMe database electronically to MLXchange and the cost for FAMLSS to convert Greater Hartford's and CMLS' Rapattoni database electronically to MLXchange is factored into the analysis
- ❑ E&O excess coverage insurance is not required and not included
- ❑ Subscriber bills will be mailed semi-annually. This cost can be reduced significantly if a great number of subscribers accept invoices by e-mail or allow their credit card numbers to be kept on file. It was also assumed that second notices and turn off notices will not be mailed. Instead, subscribers will be e-mailed when they are delinquent in paying their semi-annual invoice and their access to MLXchange will be turned off.
- ❑ Service Centers can grant subscribers the ability to initially sign up and subsequently change certain information about themselves via a temporary and secure Internet connection to the Rapattoni system.
- ❑ Subscribers will have the ability to pay invoices by credit card via an Internet connection to the Rapattoni system. All credit card fees will be the responsibility of CTMLS.

Some of the more significant differences between the three scenarios are as follows:

- ❑ Scenario 1 has 385 Participants, Scenario 2 has 1349 and Scenario 3 has 1949. These numbers were derived from information provided by the Connecticut Association of REALTORS® (CAR) and ECAR.
- ❑ Scenario 1 has 1500 subscribers, Scenario 2 has 12000 and Scenario 3 has 16400. These numbers were also derived from information provided by CAR, ECAR and some Associations.
- ❑ Scenario 1 has 1 ½ staff, Scenario 2 has 9 and Scenario 3, when CMLS subscribers come into CTMLS, has 13. Staffing levels were estimated based on the services to be provided by CTMLS and FAMLSS plus conversations with some MLS CEOs across the country.
- ❑ In Scenario 1, the 1 ½ staff utilize an executive suite for office space during the entire term of the analysis. In the other two scenarios, an executive suite is

utilized for only two months by two staff during startup. Office space is then leased with the assumption that major leasehold improvements will be required.

- ❑ The leased space in scenarios 2 and 3 will accommodate a Board Room for the CTMLS Board of Directors.
- ❑ As the number of subscribers increases, the FAMLSS fess for MLXchange decline. This produces a more favorable cash flow as subscriber numbers increase because many expenses are fixed and do not increase in direct proportion to the number of subscribers.
- ❑ Tax data for all of Connecticut is provided under both Scenarios 2 and 3, and the data will be available to all subscribers.
- ❑ Online electronic smart forms, such as ZIP Forms or Form-Docs, are provided only under Scenario 3, but they will be available to all subscribers.
- ❑ Tax data and electronic forms amount to about \$4.50 in monthly costs per subscriber. This is 17% of the subscriber fee of \$26.00 established provisionally by CTMLS.

The following pages deal with each Scenario in more detail.

Connecticut Multiple Listing Service, Inc.

Business Plan Scenario 1

Introduction

This scenario, like the others, covers the period from May 1, 2006 through July 31, 2010. This time period was selected because the FAMLSS system contract expires in July 2010.

Subscribers

A total of 1500 subscribers, including 385 Participants from ECAR, are included in this scenario. It was assumed that no other MLSs will join CTMLS. Thus, this is the worst case scenario.

Operation

CTMLS under this scenario will operate out of an executive suite in the Berlin/Cromwell area. Two staff persons will be on CTMLS' payroll. An MLS Director will be full time with a part-time administrative assistant who could also fill in for the Director in a backup situation. There will be no need to hire a CEO.

The executive suite will be furnished and have an office ample for two persons. Telephones and a high-speed Internet connection will be provided under a monthly lease of \$1,500. Although the suite will provide access to a photocopier and fax machine, the additional charges on a per page basis will warrant CTMLS acquiring copy and fax equipment. The staff will also need PCs and a printer acquired by CTMLS. Staff will have access to a conference room for occasional use, but it is not known if the room will be large enough for Board meetings. Therefore, the CTMLS Board of Directors may have to continue to meet at other venues.

The staff will maintain subscriber records on the FAMLSS MLXchange system and also use it for semi-annual billing. FAMLSS assures that the system can do the billing for smaller MLSs like a 1500 subscriber MLS. The staff will also have accounting software for check writing (accounts payable) and for keeping the general ledger and producing financial statements.

MLS System

The FAMLSS MLXchange system will begin operation in early November 2006. FAMLSS will start billing three months later in February 2007. The system will not maintain tax records nor will it provide access to electronic forms. FAMLSS will charge \$10.20 the first year, including \$1.20 for toll-free user support. In the second year, the rate will go up to \$11.95 and remain there except for an annual CPI increase which was estimated at 5%.

Revenue

The cash flow analysis prepared to examine this plan (Scenario 1) assumed a subscriber rate of \$26.00 the first 12 months of operation beginning November 2006. An increase to \$28.00 will be required in November 2007 with no increases anticipated thereafter. Since application fees have been paid by ECAR for its Participants, no additional Participant fees are due.

Conclusions

This scenario is not realistic and it is not a good deal for ECAR. ECAR could obtain MLS services more cheaply on their own or by joining the Co-op. However, because the question might be asked: “what if ECAR transitions to the CTMLS system and then no others join?”, this scenario was prepared.

The analysis shows that by July 31, 2010, just short of \$19,000 will be left out of the original \$100,000. This scenario is therefore viable, but not practical.

Connecticut Multiple Listing Service, Inc.

Business Plan Scenario 2

Introduction

This scenario also covers the period from May 1, 2006 through July 31, 2010 for the same reasons discussed under Scenario 1.

Subscribers

The number of subscribers in this scenario goes from 1500 to 12000, and the number of Participants goes from 385 to 1349. The Participants are also included in the subscriber count. It was assumed that no other MLSs will join CTMLS during the time period analyzed. The additional 964 Participants from the Co-op will bring in one-time revenue of \$180,000. This is net of amounts already received from some Co-op Participants. For this analysis, the number of Participants was obtained from CAR and the number of subscribers was obtained from various sources including CAR, MLSs and FAMLSS. There is no allowance for possible crossovers between current MLSs.

Operation

CTMLS under this scenario will operate out of leased space along I-91 north of New Haven. It was assumed that the space will be built out and furnished with the one-time application fee of \$200 collected from Participants. Initially, the facility planned will house enough personnel (9) to accommodate subscribers from ECAR and the Co-op partner Associations. If CMLS were to join CTMLS, an additional four staff could be accommodated by the planned facility. Additional furnishings and equipment for these additional personnel will be purchased at that time. Because the facility will not be ready for occupancy when the first two employees are hired by CTMLS, an executive suite will be utilized by two staff for two months.

For planning purposes, as in Scenario 1, it was assumed that the FAMLSS MLXchange system will be ready for productive use by early November 2006. Both ECAR and Co-op subscribers will come up on the system at the same time. It is contemplated that the Associations will help with initial billing and collections between September and November 2006. Monies collected will be deposited in a CTMLS account. One Association will also perform CTMLS' accounting during October through December. Billing and collections will not be an incremental work load on the Associations, but the accounting will be. The Associations will be compensated for these efforts on a deferred basis in early 2007.

The MLS will be staffed with nine persons under Scenario 2. A CEO will be hired to start on July 1 with various other staff placed through February 2007. Staffing pressures will be somewhat eased if the two persons now employed by FAMLSS for the benefit of the Co-op were to join CTMLS when MLXchange goes live. Their services will no longer be needed by FAMLSS.

MLS System

The FAMLSS MLXchange system will begin operation in early November 2006. FAMLSS will start billing three months later in February 2007. The system will maintain tax records, but it

will not provide access to electronic forms. FAMLSS will charge \$7.55 per subscriber per month, including \$1.20 for toll-free user support. An annual CPI increase, which was estimated at 5%, will go into effect in February 2008.

Revenue

The cash flow analysis prepared to examine this plan (Scenario 2) assumed a subscriber rate of \$26.00 for the duration of the FAMLSS contract through July 2010. Credits in the amount of \$24,200 are due certain Participants. The analysis shows this amount returned in the months of November and December 2006. Based on the healthy positive cash flow, it should be possible for CTMLS to reduce the subscriber fee from \$26.00 to a lower amount and/or provide additional services to subscribers.

Conclusions

This scenario is very attractive. It is a good deal for CTMLS subscribers and the opportunity exists to reduce the monthly fee down significantly from \$26.00 after some months of operation. It was assumed that CTMLS will start with \$100,000 in cash on May 1, 2006. The analysis shows that by July 31, 2010, just over \$1.4 million will be in surplus.

Timetable

Because this is a more complicated scenario than Scenario 1 with more staff, more activities, and a more staggered implementation plan, it is helpful to understand the following major milestones. Many will apply to Scenario 3 as well.

May – Jun	Design forms and set business rules for MLXchange Recruit CEO
Jul	Locate permanent office space CEO candidate accepts position Sign lease for temporary executive suite Sign lease for permanent office space
Aug	Negotiate Realist public records contract CEO starts (occupies executive suite for 2 months) Build out of permanent office space begins CEO begins ordering furniture and equipment CEO begins recruiting staff MLXchange review period begins
Sep	Execute Realist public records contract Administrative Assistant/Compliance staff person starts Build out of permanent office space continues
Sep	Order Rapattoni Magic or equivalent system
Sep	MLXchange parallel testing period begins
Oct	Begin occupancy of permanent office space IT Manager starts
Oct	Customer Service Rep/Compliance staff starts FAMLSS begins training ECAR and other than Co-op subscribers
Nov	Receptionist starts First Trainer starts

	Supervisor/Administrator/Membership staff person starts
	Server and network installed
	Begin training on Rapattoni Magic or equivalent system
Nov	MLXchange goes live for all subscribers
Nov	Full Charge Bookkeeper starts
Dec	Install Rapattoni Magic or equivalent system
Jan	Start up Rapattoni Magic or equivalent system
Feb	Clerk/Receptionist/Trainer starts

The above are milestones. A more complete and detailed schedule will be developed by the CTMLS CEO in August 2006.

Connecticut Multiple Listing Service, Inc.

Business Plan Scenario 3

Introduction

This scenario is almost identical to Scenario 2 during the months of May 2006 through February 2007. In March 2007, 4400 subscribers, including 600 Participants, join CTMLS from CMLS. Tax data for the entire state of Connecticut is added to the FAMLSS system at that time as are online electronic smart forms. Tax data for the entire state of Connecticut will be available with the FAMLSS system at that time as will online electronic smart forms, the latter beginning March 2007.

Another significant difference between scenarios 2 and 3 is that the latter requires four additional staff which will be added in March 2007. These additions will ensure proper coverage for all 16400 subscribers and Participants and not diminish any services provided by CMLS to its constituents. Of course, adding more staff will require more capital for additional furnishings, equipment, software, license fees and services. The additional revenue from 600 new Participants from CMLS, at \$200 each, will more than adequately accommodate this spike in costs for these items.

As can be seen from the cash flow worksheets, cash builds up rapidly under Scenario 3 with a projected balance of almost \$2.6 million by July 2010. There are no times in the cash flow when cash goes negative. This means that it is optimistic that CTMLS will be able to offer its subscribers a reduction in fees downward from \$26.00 in the near term, barring any unforeseen and drastic drop in the number of REALTORS® in Connecticut.

Connecticut Multiple Listing Service, Inc.
Business Plan Analysis - Source Data

	Cost	Source	Scenario		
			1	2	3
Cash on Hand as of March 17, 2006	104,188	John Bolduc	X	X	X

Other Charges, Fees, Credits, Participants & Subscribers

Initial fee per participant	200			X	X
Participants with ECAR alone	385	John Bolduc	X		
Participants with ECAR & Co-op	1,349	Estimate based on numbers from CAR		X	
Participants with ECAR, Co-op & CMLS	1,949	Estimate based on numbers from CAR			X
Credit 64 Participants @ 300.00 each	(19,200)	John Bolduc		X	X
Credit 10 Participants @ 500.00 each (ECAR)	(5,000)	John Bolduc	X	X	X
Monthly fee per subscriber	26	CTMLS	X	X	X
No. Subscribers: ECAR	1,500	John Bolduc	X	X	X
No. Subscribers: ECAR & Co-op	12,000	FAMLSS: 10,500 in Co-op		X	
No. Subscribers: ECAR, Co-op & CMLS	16,400	Estimate based on numbers from CAR			X
Association Common Stock (non-voting)	1,000	CTMLS		X	X

Salaries*

Chief Executive Officer (CEO)	160,000	CT Dept. of Labor		1	1
Chief Operating Officer (COO)	125,000	CT Dept. of Labor			1
Adm. Services Manager (MLS Director)	75,000	CT Dept. of Labor	1		
Supervisor/Administrator/Membership	70,000	FAMLSS		1	1
IT Manager	60,000	CT Dept. of Labor		1	1
Full Charge Bookkeeper	40,000	CT Dept. of Labor		1	1
Administrative Assistant/Compliance	40,000	CT Dept. of Labor	1/2	1	1
Bookkeeper Assistant/Membership	35,000	CT Dept. of Labor			1
Customer Service Rep/Compliance	35,000	CT Dept. of Labor		1	2
Trainer	35,000	CT Dept. of Labor & FAMLSS		1	2
Clerk/Receptionist	30,000	CT Dept. of Labor		2	2
Benefits & P/R taxes	25% full-time, 12% part-time	John Bolduc & Estimate (12%)	X	X	X

	Cost	Source	1	2	3
MLS System					
MLXchange Monthly Fees*	Varies	FAMLSS	10.20 & 11.95	7.55	7.55 & 6.42
Convert ECAR's AmMe database to MLXchange	1,500	FAMLSS	X	X	X
Convert GHAR's Rapattoni database to MLXchange	1,500	FAMLSS		X	X
Convert CMLS' Rapattoni database to MLXchange	1,500	FAMLSS			X
Public Records setup fees - MLXchange	2,800	FAMLSS		X**	X
Public Records setup fees - Realist	10,000	FAMLSS		X**	X
Realist Monthly Fees*	3.00/user/mo.	FAMLSS		X**	X

Furnishings

CEO Office					
Desk	1,000	Office Depot		1	1
Credenza	1,200	Office Depot		1	1
Desk Chair	650	Office Depot		1	1
Bookcase	400	Office Depot		1	1
Lateral file	550	Office Depot		1	1
Computer desk	400	Office Depot		1	1
Conference table	900	Office Depot		1	1
Guest chairs (8)	1,000	Office Depot		1	1
Whiteboard	175	Office Depot		1	1

Manager Office					
Desk	800	Office Depot		2	3
Credenza	800	Office Depot		2	3
Desk Chair	350	Office Depot		2	3
Bookcase	100	Office Depot		2	3
Lateral file	350	Office Depot		2	3
Computer desk	300	Office Depot		2	3
Conference table	530	Office Depot		2	3
Guest chairs (4)	500	Office Depot		2	3
Whiteboard	175	Office Depot		2	3

Staff Cubicle					
Furnished 6'x6 side by side	2,450	Clone Office Cubicles		5	8
Furnished 6'x6' back to back	2,150	Clone Office Cubicles		5	8
Desk chair	225	Office Depot		5	8
Guest chair	125	Office Depot		5	8

	<u>Cost</u>	<u>Source</u>	<u>1</u>	<u>2</u>	<u>3</u>
<u>Furnishings (Cont'd.)</u>					
Receptionist station					
Cubicle	1,300	Clone Office Cubicles		1	1
Desk, chair, file cabinet	900	Office Depot		1	1
Kitchen/Workroom					
Refrigerator	750	Home Depot		1	1
Microwave oven	250	Home Depot		1	1
Coffee maker	350	Office Depot		1	1
Coffee warmer	75	Office Depot		1	1
4-drawer filing cabinets	270	Office Depot	2	6	9
Cabinets and counter tops	4,000	Home Depot: \$400/lineal foot		1	1
Conference/Board Room					
Tables (6)	3,600	Office Depot		1	1
Chairs (20)	4,000	Office Depot		1	1
Whiteboard	250	Office Depot		1	1
Other Furnishings					
Coat rack	750	Office Depot		2	2
Clocks	35	Office Depot		3	4
Wastebaskets	15	Office Depot		9	13

Equipment

Office					
VOIP telephone system - 8 lines/15 instruments	6,000	KCG Communications, Denver		1	1
Conference phone	850	Office Depot		1	1
Fax machine	500	Office Depot	1	2	2
Photocopier with sorter	3,500	Copier Discount Warehouse		1	1
Convenience copier	500	Office Depot	1		1
Postage machine	100	Office Depot		1	1
Scanner	350	Office Depot	1	1	2
Safe	550	Office Depot		1	1
Shredder	200	Office Depot	1	1	2
Calculator - accountant's	125	Office Depot	1	2	3
Calculator - regular	20	Office Depot	1	7	10
Easel	25	Office Depot	1	1	1
Hand truck	275	Office Depot		1	1
Paper cutter board	210	Office Depot		1	1

Equipment (Cont'd.)

	Cost	Source	1	2	3
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Computer					
Network Server & software	4,500	Integrity Computing		1	1
PC with monitor, keyboard, mouse, XP & MS Office	1,700	Dell Optiplex	2	9	13
Training Laptop PCs	1,500	Dell Precision		6	10
Printer - color	2,000	Office Depot		1	2
Printer - convenience	800	Office Depot	1	2	4
LCD projector	1,100	Office Depot	1	1	2

Software

Adobe Acrobat	300	Office Depot	1	4	6
Anti-virus	40	Office Depot	2	9	13
Quick Books Pro - single user	200	Office Depot	1		
Quick Books Pro - 5 user	700	Office Depot		1	1
ZIP Forms	1.46/user/mo.	RE FormsNet			X
Rapattoni Magic - 3 users	17,000	Rapattoni		1	1
per add'l user	3,000	Rapattoni		3	6
add-ons' for Internet Services/e-commerce	24,400	Rapattoni		1	1
3-user monthly maint.	200/mo.	Rapattoni		1	1
add'l user monthly maint.	30/user/mo.	Rapattoni		3	6
add-ons monthly maint.	290/mo.	Rapattoni		1	1
Upgrades & replacements/staff	500/staff/yr.	Estimate	2	9	13

Other

Blast email per 1000	100	ViaWest; no fee for Internet Crusade			
Email accounts - up to 15	100/mo.	ViaWest Internet Services	X	X	X
Network switch	150	Integrity Computing		1	1
Network cabling per drop	200	Integrity Computing		14	16
512K DSL	200/mo.	Integrity Computing		1	1
Website setup	6,000	Barlow; no fee for Internet Crusade		1	1
Website maintenance	250/mo.	Barlow; no fee for Internet Crusade		1	1
Executive suite*	1,500/mo.	Business Quarters	1	1	1
Executive suite refundable deposit	1,500	One months rent	1	1	1
Office rent per month - 2200 sq. ft. @ \$20*	3700/mo.	CTMLS committee		X	X
Office refundable security deposit	3,700	Estimate one month's rent		X	X
Office space build out	33,000	Klipp Architects		X	X
Service Center Fees per user	5/mo.	CTMLS	X	X	X

Other (Cont'd.)	Cost	Source	1	2	3
D&O Insurance*	1,700/yr.	John Bolduc	1	1	1
Director expenses	500/mo.	John Bolduc	1	1	1
ECAR administrative services	1,000/mo.	John Bolduc	1	1	1
E&O Insurance (excess coverage)	2.00/user/yr.	Estimate			
General liability insurance*	300 + 100/staff/yr.	Estimate	X	X	X
Licenses & Persn. Prop, Taxes	300 + 100/staff/yr.	Estimate	X	X	X
Verisign credit card processing setup fee	250	Rapattoni	X	X	X
Credit Card Processing Fees - 1.8%	1.8% on 75% of revenue	NAR e-commerce fee (AEs)	X	X	X
Initial office supplies/staff	1200 + 150/staff	Estimate - see Table 1	2	9	13
Recurring office supplies/staff	40/staff/mo.	Estimate - see Table 1	1½	9	13
Telephone Service	40/line/mo.	Estimate		8	10
Long distance telephone charges	150/staff/mo.	Estimate	1½	4	6
Cell phone charges	100/staff/mo.	Estimate	1½	4	6
Mileage (in state)	100/staff/mo.	200 miles/staff/month	1½	4	6
Professional dues (CEO)	Varies	ASAE 400, CSAE 400 & CMLS 300	X	1	2
CSAE conferences and luncheons	400/yr. & 50/mo.	Estimate	X	1	2
Conferences and trade shows	Varies	Estimate - see Table 2	X	X	X
Consulting Services	15,000 first year	Estimate	X	X	X
Legal & Accounting*	10,000/yr.	Estimate	X	X	X
Subscriptions & Publications	240/yr.	Estimate	X	X	X
Postage & Express Mail	.40/user/mailing + 50/mo.	Estimate	X	X	X
Recruiting - MLS Director	2,000	Estimate	1		
Recruiting - CEO	6,000	Estimate: 4 candidates @ \$1,500 each	1		
Recruiting - initial & recurring	1,000/position + 3,000/yr.	Estimate		2	4
Payroll Services	60/staff/mo.	Paychex	2	9	13
Accounting Services (temporary)	3,000/mo.	Estimate		X	X
Billing & Collection by Associations	2.00/user	Estimate		X	X
Participant Billing	1,300	John Bolduc		X	X
Office equipment maint. & repairs	25/staff/mo.	Estimate	2	9	13
Miscellaneous	150/staff/mo.	Estimate	2	9	13

* Subject to an annual CPI adjustment estimated at 5%

** Revision 1 (05-30-06)

Supporting Detail for Office Supplies and Conferences & Trade Shows

Table 1 - Office Supplies (Detail)

			Initial		Annual per Staff
			Office	per Staff	
Scissors	15	each		15	
Paper hole punch	45	each	90		
Personal stapler	25	each		25	
Business cards	100	per individual - qty. 500		100	
Pens	20	per dozen	60	10	10
Copier/fax/printer paper	35	per carton, 10 reams	35		70
Post-its	10	per dozen	20	5	10
No. 10 envelopes	15	per 500	90		
9x12 manila envelopes	10	per 100	20		
Notepads	6	per dozen	12	6	12
Binders - 2"	7	each	70		35
Binders - 4"	15	each	150		90
Manila file folders	15	per 100	225		15
Hanging file folders	45	per 100	90		
Storage boxes	60	per dozen	60		
DVDs	80	per 100	80		40
Toner cartridge - black	85	each	85		85
Toner cartridge - color	105	each	105		105
			1192	146	472

Table 2 - Conferences & Trade Shows (Detail)

			Number of Attendees			
			1	2	3	4
AE Institute	Mar - per attendee, 4 days	\$1,500 + 250/day	2,500	5,000		
Connection Conference	Apr - per attendee, 3 days	\$1,500 + 250/day	2,250	4,500	6,750	9,000
NAR Mid-year Trade Show	May - per attendee, 3 days	\$1,500 + 250/day	2,250	4,500		
CMLS Conference	Oct - per attendee, 3 days	\$1,500 + 250/day	2,250	4,500	6,750	9,000
NAR Convention & Trade Show	Nov - per attendee, 3 days	\$1,500 + 250/day	2,250	4,500		

Connecticut Multiple Listing Service, Inc.
Business Plan Analysis - Scenario 1 with ECAR Subscribers Only

1

1500 Subscribers, Monthly Fees of \$26.00 & \$28.00

	2006								2007				Balance 2007	Jan - Dec 2008	Jan - Dec 2009	Jan - Jul 2010
	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.				
May 1, 2006 Cash Balance	100,000															
Revenue & Credits																
Credits due 10 Participants							(5,000)									
Monthly fee per Subscriber								234,000					486,000	504,000	504,000	126,000
TOTAL REVENUE								229,000					486,000	504,000	504,000	126,000
Salaries					7,813	9,679	9,679	9,679	9,679	9,679	9,679	9,679	79,277	123,898	130,096	78,441
MLS System										16,800	15,300	15,300	122,400	222,334	236,203	144,262
Furnishings & Office Equipment								2,260								
Computer Equipment								3,600	1,700							
Software						540	40						1,000	1,000	1,000	
Other	12,335	2,335	3,335	4,835	6,785	8,340	22,969	11,960	13,260	11,560	14,660	13,810	108,740	163,811	165,421	94,912
TOTAL EXPENSES	12,335	2,335	3,335	4,835	14,598	24,419	34,388	21,639	22,939	38,039	39,639	38,789	311,417	511,043	532,720	317,616
REVENUE OVER/(UNDER) EXPENSES	(12,335)	(2,335)	(3,335)	(4,835)	(14,598)	(24,419)	194,612	(21,639)	(22,939)	(38,039)	(39,639)	(38,789)	174,583	(7,043)	(28,720)	(191,616)
CASH BALANCE	87,665	85,330	81,995	77,160	62,563	38,143	232,755	211,116	188,177	150,138	110,499	71,709	246,292	239,249	210,529	18,913

Connecticut Multiple Listing Service, Inc.
Business Plan Analysis - Scenario 2 with ECAR & Co-op Subscribers

2

12000 Subscribers, Monthly Fees of \$26.00

	2006								2007				Balance	Jan - Dec	Jan - Dec	Jan - Jul
	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	2007	2008	2009	2010
May 1, 2006 Cash Balance	100,000															
Revenue & Credits																
Initial fee per Participant					60,000	120,000										
Credits due 10 Participants								(5,000)								
Credits due 64 Participants								(19,200)								
Monthly fee per subscriber							1,872,000						3,744,000	3,744,000	3,744,000	936,000
Association per share cost		6,000														
TOTAL REVENUE		6,000	60,000	120,000	1,867,000	(19,200)							3,744,000	3,744,000	3,744,000	936,000
Salaries			16,667	20,833	28,905	46,877	48,959	48,959	52,084	52,084	52,084	425,298	665,333	698,610	422,091	
MLS System					12,800	49,200	49,200	49,200	142,800	139,800	139,800	1,123,320	1,762,116	1,850,227	1,127,858	
Furnishings & Office Equipment					49,230	20,640			500							
Computer Equipment			2,500	1,700	17,100	8,800	1,700	1,700								
Software			360		300	1,000	50,400	1,180	580	580	580	9,140	11,820	12,192	4,711	
Other	14,335	6,335	3,835	9,185	26,595	38,475	104,222	70,425	105,725	69,800	78,150	81,450	631,743	931,915	934,983	528,767
TOTAL EXPENSES	14,335	6,335	3,835	28,712	49,128	146,810	230,739	220,684	206,764	265,764	270,614	273,914	2,189,501	3,371,184	3,496,012	2,083,427
REVENUE OVER/(UNDER) EXPENSES	(14,335)	(6,335)	2,165	(28,712)	10,872	(26,810)	1,636,261	(239,884)	(206,764)	(265,764)	(270,614)	(273,914)	1,554,500	372,817	247,988	(1,147,427)
CASH BALANCE	85,665	79,330	81,495	52,783	63,655	36,845	1,673,106	1,433,222	1,226,458	960,694	690,080	416,166	1,970,665	2,343,482	2,591,469	1,444,042

Connecticut Multiple Listing Service, Inc.
Business Plan Analysis - Scenario 3 with ECAR, Co-op & CMLS Subscribers

3

12000 to 16400 Subscribers, Monthly Fees of \$26.00

	2006								2007				Balance	Jan - Dec	Jan - Dec	Jan - Jul
	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	2007	2008	2009	2010
May 1, 2006 Cash Balance	100,000															
Revenue & Credits																
Initial fee per Participant					60,000	120,000				120,000						
Credits due 10 Participants							(5,000)									
Credits due 64 Participants								(19,200)								
Monthly fee per subscriber							1,872,000			228,800			5,116,800	5,116,800	5,116,800	1,279,200
Association per share cost			6,000							9,000						
TOTAL REVENUE			6,000	60,000	120,000	1,867,000	(19,200)		357,800				5,116,800	5,116,800	5,116,800	1,279,200
Salaries				16,667	20,833	28,905	46,877	48,959	48,959	52,084	76,044	76,044	616,975	964,835	1,013,087	613,608
MLS System										106,400	155,988	154,488	1,235,904	1,936,360	2,033,182	1,240,645
Furnishings & Office Equipment						49,230	20,640			19,255	1,330		810			
Computer Equipment				2,500	1,700	17,100	8,800	1,700	1,700	6,800	8,700	2,000				
Software				360		300	1,000	50,400	1,180	580	34,374	24,614	201,412	314,258	329,654	198,832
Other	14,335	6,335	3,835	9,185	26,595	38,475	105,022	70,225	105,525	76,430	105,380	110,190	854,046	1,258,567	1,261,658	714,670
TOTAL EXPENSES	14,335	6,335	3,835	28,712	49,128	134,010	182,339	171,284	157,364	261,549	381,816	367,336	2,909,147	4,474,020	4,637,581	2,767,755
REVENUE OVER/(UNDER) EXPENSES	(14,335)	(6,335)	2,165	(28,712)	10,872	(14,010)	1,684,661	(190,484)	(157,364)	96,251	(381,816)	(367,336)	2,207,653	642,780	479,219	(1,488,555)
CASH BALANCE	85,665	79,330	81,495	52,783	63,655	49,645	1,734,306	1,543,822	1,386,458	1,482,709	1,100,893	733,557	2,941,210	3,583,990	4,063,210	2,574,655