

Rules and Regulations for the Southeast Minnesota Association of REALTORS® MLS, Inc. (SEMAR MLS) a Wholly Owned Subsidiary

Corporation - Approved 07 04; Revised 03 06, 07 06; 10 06; 02 07; 02 08; 02 09, 06 10; 07 11; 05 12; 05 13

MLS Rules and Regulations

Listing Procedures

Section 1—Listing Procedures: Listings of real or personal property of the following types, which are listed subject to a real estate broker's license, and are located within the territorial jurisdiction of the Multiple Listing Service, and are taken by Participants on (indicate form[s] of listing[s] accepted by the Service—See Notes 1 and 2) shall be delivered to the Multiple Listing Service according to the deadlines outlined in MLS Policies and Procedures after all necessary signatures of seller(s) have been obtained:

- (a) single family homes for sale or exchange
- (b) vacant lots and acreage for sale or exchange
- (c) two-family, three-family, and four-family residential buildings for sale or exchange

Note 1: The Multiple Listing Service shall not require a Participant to submit listings on a form other than the form the Participant individually chooses to utilize provided the listing is of a type accepted by the Service, although a property data form may be required as approved by the Multiple Listing Service. However, the Multiple Listing Service, through its legal counsel:

1. may reserve the right to refuse to accept a listing form which fails to adequately protect the interests of the public and the Participants
2. assure that no listing form filed with the Multiple Listing Service establishes, directly or indirectly, any contractual relationship between the Multiple Listing Service and the client (buyer or seller).

The Multiple Listing Service shall accept exclusive right to sell listing contracts and exclusive agency listing contracts, and may accept other forms of agreement which make it possible for the listing broker to offer compensation to the other Participants of the Multiple Listing Service acting as subagents, buyer agents, or both. (Amended 11/96)

The listing agreement must include the seller's written authorization to submit the agreement to the Multiple Listing Service. (Amended 11/96)

The different types of listing agreements include:

- (a) exclusive right to sell
- (b) exclusive agency
- (c) open
- (d) net

The Service may not accept **net listings** because they are deemed unethical and, in most states, illegal. **Open listings** are not accepted except where required by law because the inherent nature of an open listing is such as to usually not include the authority to cooperate and compensate other brokers and inherently provides a disincentive for cooperation. (Amended 4/92)

The **exclusive right to sell listing** is the conventional form of listing submitted to the Multiple Listing Service in that the seller authorizes the listing broker to cooperate with and to compensate other brokers. (Amended 4/92)

The **exclusive agency listing** also authorizes the listing broker, as exclusive agent, to offer cooperation and compensation on blanket unilateral bases, but also reserves to the seller the general right to sell the property on an unlimited or restrictive basis. Exclusive agency listings and exclusive right to sell listings with named prospects exempted should be clearly distinguished by a simple designation such as a code or symbol from exclusive right to sell listings with no named prospects exempted, since they can present special risks of

procuring cause controversies and administrative problems not posed by exclusive right to sell listings with no named prospects exempted. Care should be exercised to ensure that different codes or symbols are used to denote exclusive agency and exclusive right to sell listings with prospect reservations. (Amended 4/92)

Note 2: A Multiple Listing Service does not regulate the type of listings its Members may take. This does not mean that a Multiple Listing Service must accept every type of listing. The Multiple Listing Service shall decline to accept open listings (except where acceptance is required by law) and net listings, and it may limit its service to listings of certain kinds of property. But, if it chooses to limit the kind of listings it will accept, it shall leave its Members free to accept such listings to be handled outside the Multiple Listing Service.

Note 3: A multiple listing service may, as a matter of local option, accept exclusively listed property that is subject to auction. If such listings do not show a listed price, they may be included in a separate section of the MLS compilation of current listings.

SEMAR MLS will accept exclusively listed property that is subject to auction. Indicate sale price as \$1 to separate these properties from others in the MLS. INSTRUCTIONS must include terms of the auction and compensation offered.

Section 1.1—Types of Properties

Following are some of the types of properties that may be published through the Service, including types described in the preceding paragraph that are required to be filed with the Service and other types that may be filed with the Service at the Participant's option provided, however, that any listing submitted is entered into within the scope of the Participant's licensure as a real estate broker:

1. Residential
2. Multi-family units
3. Building sites
4. Farms and Hobby Farms
5. Commercial
6. Business opportunity

Section 1.1.1—Listing Subject to Rules and Regulations of the Service

Any listing taken on a contract to be filed with the multiple listing service is subject to the rules and regulations of the service upon signature of the seller.

Section 1.2—Details on Listings Filed with the Service

A listing agreement or property data form, when filed with the multiple listing service by the listing broker, shall be complete in every detail which is ascertainable as specified on the property data form.

MLS Cooperation Agreements

THE MLS LISTING AGREEMENT carries an additional authority and obligation given to the Listing Broker to distribute the listing to other Brokers who belong to the Multiple Listing Service of the SOUTHEAST MINNESOTA ASSOCIATION OF REALTORS per cooperative agreements signed by the MLS with other MLSs. Participants are obligated to extend the same compensation offers to all cooperative MLS Participants per agreements between and among the MLSs.

Market Area

Section 1.0 - JURISDICTION AND MARKET AREA: The market area is described as the counties of Olmsted, Wabasha, Goodhue, Fillmore, Mower, Freeborn, Dodge, Winona, Houston, Steele and Waseca, and other contiguous areas as determined in the future. Brokers may designate the MLS Committee to which they subscribe, including adherence to the local Policies and the MLS Rules of the Multiple Listing Service. The Service shall maintain one database for the use of all MLS Participants.

The association jurisdiction is as granted to the Southeast Minnesota Association of REALTORS® by the NATIONAL ASSOCIATION OF REALTORS® and includes the counties of Mower, Wabasha, Goodhue, Fillmore, Freeborn, Dodge, Winona, Houston, Steele and Waseca.

TYPES OF PROPERTIES

* **MANDATORY SUBMISSION:** It shall be mandatory that Participants file with MLS all listings in the association's jurisdiction covering the following types of property:

- a) Residential
- b) Multi-family units
- c) Building sites
- d) Farms and Hobby Farms

* **RESIDENTIAL:** Defined as single family homes, condominium, townhouse and mobile home affixed to the land, which is not personal property, but which is taxed as real property. This includes rural residences with non income-producing acreages (Hobby Farms).

***MULTI-FAMILY:** Defined as all residential property with more than one unit.

* **LAND:** Defined as parcels of land that are residential building sites.

* **FARMS:** Defined as potential income producing farms or land. Land does not need to have a home on the property.

***COMMERCIAL:** Defined as a property zoned or designated for commercial or business use.

** **VOLUNTARY SUBMISSION:** It is voluntary for Participants to file with MLS all listings covering the following types of property:

- (a) Residential outside the MLS jurisdiction
- (b) Multi-family outside the MLS jurisdiction
- (c) Unimproved land outside the MLS jurisdiction
- (d) Commercial and Industrial Property
- (e) Farms outside the MLS jurisdiction
- (f) Member-owned property
- (g) Exclusive Agency listings

Section 1.1—Listings Subject to Rules and Regulations of the Service: Any listing taken on a contract to be filed with the Multiple Listing Service is subject to the rules and regulations of the Service upon signature of the seller(s).

Section 1.2—Detail on Listings Filed with the Service: A listing agreement or property data form, when filed with the Multiple Listing Service by the listing broker, shall be complete in every detail which is ascertainable as specified on the property data form.

Section 1.2.1—Limited Service Listings: Listing agreements under which the listing broker will not provide one, or more, of the following services:

- a) arrange appointments for cooperating brokers to show listed property to potential purchasers but instead gives cooperating brokers authority to make such appointments directly with the seller(s)
- b) accept and present to the seller(s) offers to purchase procured by cooperating brokers but instead gives cooperating brokers authority to present offers to purchase directly to the seller(s)
- c) advise the seller(s) as to the merits of offers to purchase
- d) assist the seller(s) in developing, communicating, or presenting counter-offers
- e) participate on the seller's(s') behalf in negotiations leading to the sale of the listed property

will be identified with the words "Limited Service Listing" first phrase in the Instructions, followed by a symbol (a, b, c, and/or d in reference to the phrases so identified above) to indicate which services are NOT performed, in MLS compilations so potential cooperating brokers will be aware of the extent of the services the listing broker will provide to the seller(s), and any potential for cooperating brokers being asked to provide some or all of these services to listing brokers' clients, prior to initiating efforts to show or sell the property.

Section 1.2.2—MLS Entry-only Listings: Listing agreements under which the listing broker will not provide any of the following services:

- a) arrange appointments for cooperating brokers to show listed property to potential purchasers but instead gives cooperating brokers authority to make such appointments directly with the seller(s)
- b) accept and present to the seller(s) offers to purchase procured by cooperating brokers but instead gives cooperating brokers authority to present offers to purchase directly to the seller(s)
- c) advise the seller(s) as to the merits of offers to purchase
- d) assist the seller(s) in developing communicating, or presenting counter-offers
- e) participate on the seller's (s') behalf in negotiations leading to the sale of the listed property

will be identified with the words "MLS Entry Only" first phrase in the Instructions in MLS compilations so potential cooperating brokers will be aware of the extent of the services the listing broker will provide to the seller(s), and any potential for cooperating brokers being asked to provide some or all of these services to listing brokers' clients, prior to initiating efforts to show or sell the property.

Section 1.3—EXEMPTED LISTINGS: If the seller refuses to permit the listing to be disseminated by the Service, the Participant may then take the listing ("office exclusive") and such listing shall be filed with the Service but not disseminated to the Participants. Filing of the listing should be accompanied by certification signed by the seller that he does not desire the listing to be disseminated by the Service.

***Section 1.3.1**—ACTIVATE EXEMPTED LISTINGS: In the event the sellers of a listing, which was previously filed with the Service as an exempted listing, desire to have said listing disseminated through the Service, it is necessary for the Participant to submit written notification to the Service stating that the sellers now wish to disseminate their property through the Multiple Listing Service.

SECTION 1.3.2—LISTINGS EXEMPTED FROM THE INTERNET: If the seller refuses to permit the listing to be disseminated by the service via the Internet, the Realtor[®] may then take the listing ("MLS database exclusive") and such listing shall be filed with the service, but not disseminated to the participants via any Internet service. Filing of the listing should be accompanied by certification signed by the seller, the agent and the broker that the seller does not desire the listing to be disseminated by the service via the Internet.

SECTION 1.3.3—ACTIVATE LISTINGS EXEMPTED FROM THE INTERNET: In the event the sellers of a listing, which was previously filed with the service as an exempted from Internet services listing, desire to have said listing disseminated through the service Internet services, it is necessary for the participant to submit a letter to the service stating that the sellers now wish to disseminate their property through the Multiple Listing Service Internet services.

Section 1.4—STATUS CHANGES: Any change in the original listing agreement excluding price change which should immediately by verbal authorization of the seller, be changed in the MLS system, must be followed up with written notice to the MLS office. The agreement shall be made only when authorized in writing by the seller and shall be filed with the Service within twenty-four (24) hours (excepting weekends, holidays, and postal holidays) after the authorized change is received by the listing broker.

Section 1.5—WITHDRAWAL OF LISTING PRIOR TO EXPIRATION: Listings of property may be withdrawn from the Multiple Listing Service by the listing broker before the expiration date of the listing

agreement, provided notice is filed with the Service, including a copy of the agreement between the seller and the listing broker which authorizes the withdrawal.

Sellers do not have the unilateral right to require an MLS to withdraw a listing without the listing broker's concurrence. However, when a seller(s) can document that his exclusive relationship with the listing broker has been terminated, the Multiple Listing Service may remove the listing at the request of the seller.

Section 1.6—CONTINGENCIES APPLICABLE TO LISTINGS: Any contingency or conditions of any term in a listing shall be specified and noticed to the Participants.

Section 1.7—LISTING PRICE SPECIFIED: The full gross listing price stated in the listing contract will be included in the information published in the MLS compilation of current listings, unless the property is subject to auction.

Section 1.8—LISTING MULTIPLE UNIT PROPERTIES: All properties which are to be sold or which may be sold separately must be indicated individually in the listing and on the property data form. When part of a listed property has been sold, proper notification should be given to the Multiple Listing Service.

Section 1.9—NO CONTROL OF COMMISSION RATES OR FEES CHARGED BY PARTICIPANTS: The Multiple Listing Service shall not fix, control, recommend, suggest, or maintain commission rates or fees for services to be rendered by Participants. Further, the Multiple Listing Service shall not fix, control, recommend, suggest, or maintain the division of commissions or fees between cooperating Participants or between Participants and nonparticipants.

Section 1.10—EXPIRATION OF LISTINGS: Listings filed with the Multiple Listing Service will automatically be removed from the compilation of current listings on the expiration date specified in the agreement, unless prior to that date the MLS receives notice that the listing has been extended or renewed.

If notice of renewal or extension is received after the listing has been removed from the compilation of current listings, the extension or renewal will be published in the same manner as a new listing. Extensions and renewals of listings must be signed by the seller(s) and filed with the Service.

Section 1.11—TERMINATION DATE ON LISTINGS: Listings filed with the Service shall bear a definite and final termination date, as negotiated between the listing broker and the seller.

Section 1.12—JURISDICTION: Only listings of the designated types of property located within the jurisdiction of the MLS are required to be submitted to the Service. Listings of property located outside the MLS's jurisdiction will be accepted if submitted voluntarily by a Participant, but cannot be required by the Service.

Section 1.13—LISTINGS OF SUSPENDED PARTICIPANTS: When a Participant of the Service is suspended from the MLS for failing to abide by a membership duty (i.e., violation of the Code of Ethics, Board bylaws, MLS bylaws, MLS rules and regulations, or other membership obligation except failure to pay appropriate dues, fees, or charges), all listings currently filed with the MLS by the suspended Participant shall, at the Participant's option, be retained in the Service until sold, withdrawn or expired, and shall not be renewed or extended by the MLS beyond the termination date of the listing agreement in effect when the suspension became effective. If a Participant has been suspended from the association (except where MLS participation without association membership is permitted by law) or MLS (or both) for failure to pay appropriate dues, fees, or charges, an association MLS is not obligated to provide MLS services, including continued inclusion of the suspended Participant's listings in the MLS compilation of current listing information. Prior to any removal of a suspended Participant's listings from the MLS, the suspended Participant should be advised, in writing, of the intended removal so that the suspended Participant may advise his/her clients.

Section 1.14—LISTINGS OF EXPELLED PARTICIPANTS: When a Participant of the Service is expelled from the MLS for failing to abide by a membership duty (i.e., violation of the Code of Ethics, Board bylaws,

MLS bylaws, MLS rules and regulations, or other membership obligations except failure to pay appropriate dues, fees, or charges), all listings currently filed with the MLS shall, at the expelled Participant's option, be retained in the Service until sold, withdrawn, or expired, and shall not be renewed or extended by the MLS beyond the termination date of the listing agreement in effect when the expulsion became effective. If a Participant has been expelled from the association (except where MLS participation without association membership is permitted by law) or MLS (or both) for failure to pay appropriate dues, fees, or charges, an association MLS is not obligated to provide MLS services, including continued inclusion of the expelled Participant's listings in the MLS compilation of current listing information. Prior to any removal of an expelled Participant's listings from the MLS, the expelled Participant should be advised, in writing, of the intended removal so that the expelled Participant may advise his clients.

Section 1.15—LISTINGS OF RESIGNED PARTICIPANTS: When a Participant resigns from the MLS, the MLS is not obligated to provide services, including continued inclusion of the resigned Participant's listings in the MLS compilation of current listing information. Prior to any removal of resigned Participant's listings from the MLS, the resigned Participant should be advised, in writing, of the intended removal so that the resigned Participant may advise his clients.

Selling Procedures

Section 2.0—SHOWINGS AND NEGOTIATIONS

Appointments for showings and negotiations with the seller for the purchase of listed property filed with the multiple listing service shall be conducted through the listing broker, except under the following circumstances:

- a. the listing broker gives the cooperating broker specific authority to show and/or negotiate directly, or
- b. after reasonable effort, the cooperating broker cannot contact the listing broker or his representative; however, the listing broker, at his option, may preclude such direct negotiations by cooperating brokers.

Section 2.0.1—SHOWING POLICY: Follow the Showing Instructions on the Listing and communicate as noted. Leave a business card or use a sign-in sheet if provided by the listing broker. If anything appears out of the ordinary when you are showing a home, contact the listing broker immediately.

Section 2.1—PRESENTATION OF OFFERS: The listing broker must make arrangements to present the offer as soon as possible, or give the cooperating broker a satisfactory reason for not doing so.

Section 2.1.1—Should the listing broker not be available to present the contract in a timely manner, then his/her authorized representative shall present the contract. ONLY the listing broker and his/her authorized representative are allowed to contact the seller.

Section 2.1.2—NON-MEMBER SHOWINGS: Cooperative showings and sales of MLS listings by non-member firms MUST be handled through the listing office.

Section 2.2—SUBMISSION OF WRITTEN/MULTIPLE OFFERS: The listing broker shall submit to the seller all written offers until closing unless precluded by law, government rule, regulation, or agreed otherwise in writing between the seller and the listing broker. Unless the subsequent offer is contingent upon the termination of an existing contract, the listing broker shall recommend that the seller obtain the advice of legal counsel prior to acceptance of the subsequent offer.

Participants representing buyers or tenants shall submit to the buyer or tenant all offers and counter-offers until acceptance, and shall recommend that buyers and tenants obtain legal advice where there is a question about whether a pre-existing contract has been terminated.

Section 2.3—RIGHT OF COOPERATING BROKER IN PRESENTATION OF OFFER: The cooperating broker (subagent or buyer agent) or his representative has the right to participate in the presentation to the seller or lessor of any offer he secures to purchase or lease. He does not have the right to be present at any discussion or evaluation of that offer by the seller or lessor and the listing broker. However, if the seller or lessor gives

written instructions to the listing broker that the cooperating broker not be present when an offer the cooperating broker secured is presented, the cooperating broker has the right to a copy of the seller's or lessor's written instructions. None of the foregoing diminishes the listing broker's right to control the establishment of appointments for such presentations.

Section 2.4—RIGHT OF LISTING BROKER IN PRESENTATION OF COUNTER-OFFER: The listing broker or his representative has the right to participate in the presentation of any counter-offer made by the seller or lessor. He does not have the right to be present at any discussion or evaluation of a counter-offer by the purchaser or lessee (except when the cooperating broker is a subagent). However, if the purchaser or lessee gives written instructions to the cooperating broker that the listing broker not be present when a counter-offer is presented, the listing broker has the right to a copy of the purchaser's or lessee's written instructions.

Section 2.5—REPORTING SALES TO THE SERVICE: Status changes, including final closing of sales and sale prices, shall be reported to the multiple listing service by the listing broker within 48 hours after they have occurred. If negotiations were carried on under Section 2(a) or (b) hereof the cooperating broker shall report accepted offers and prices to the listing broker within 48 hours after occurrence and the listing broker shall report them to the MLS within 48 hours after receiving notice from the cooperating broker. (Amended 11/08)

Note 1: The listing agreement of a property filed with the MLS by the listing broker should include a provision expressly granting the listing broker authority to advertise; to file the listing with the MLS; to provide timely notice of status changes of the listing to the MLS; and to provide sales information including selling price to the MLS upon sale of the property. If deemed desirable by the MLS to publish sales information prior to final closing (settlement) of a sales transaction (the status called PENDING), the listing agreement should also include a provision expressly granting the listing broker the right to authorize dissemination of this information by the MLS to its participants. (Amended 11/01)

Note 2: In disclosure states, if the sale price of a listed property is recorded, the reporting of the sale price may be required by the MLS.

In states where the actual sale prices of completed transactions are not publicly accessible, failure to report sale prices can result in disciplinary action only if the MLS:

1. categorizes sale price information as confidential and
2. limits use of sale price information to participants and subscribers in providing real estate services, including appraisals and other valuations, to customers and clients; and to governmental bodies and third-party entities only as provided below.

The MLS may provide sale price information to governmental bodies only to be used for statistical purposes (including use of aggregated data for purposes of valuing property) and to confirm the accuracy of information submitted by property owners or their representatives in connection with property valuation challenges; and to third-party entities only to be used for academic research, statistical analysis, or for providing services to participants and subscribers. In any instance where a governmental body or third-party entity makes sale price information provided by the MLS available other than as provided for in this provision, a listing participant may request the sale price information for a specific property be withheld from dissemination for these purposes with written authorization from the seller, and withholding of sale price information from those entities shall not be construed as a violation of the requirement to report sale prices.

Note 3: As established in the Virtual Office Website (“VOW”) policy, sale prices can only be categorized as confidential in states where the actual sale prices of completed transactions are not accessible from public records.

Notwithstanding the limitations established in the *Code of Ethics and Arbitration Manual* or in other National Association of REALTORS® policy, multiple listing services operated as committees of associations of

REALTORS® or as separate, wholly-owned subsidiaries of one or more associations of REALTORS® are authorized to remove any listing from the MLS compilation of current listings where the participant has refused or failed to timely report status changes. Prior to the removal of any listing from the MLS, the participant shall be advised of the intended removal so the participant can advise his or her client(s). (Adopted 11/07)

Section 2.6—REPORTING RESOLUTIONS OF CONTINGENCIES: The listing broker shall report to the Multiple Listing Service within twenty-four (24) hours that a contingency on file with the Multiple Listing Service has been fulfilled or renewed, or the agreement cancelled.

Section 2.7—ADVERTISING OF LISTING FILED WITH THE SERVICE: A listing shall not be advertised by any Participant other than the listing broker without the prior consent of the listing broker.

Section 2.8—REPORTING PENDING: When all parties have signed a purchase agreement on a listed property, the listing broker shall report the pending status to the MLS within 24 hours.

Section 2.8.1- REPORTING CANCELLATION OF PENDING SALE: The listing broker shall report immediately to the Multiple Listing Service the cancellation of any pending sale and the listing shall be reinstated immediately.

Section 2.9—DISCLOSING THE EXISTENCE OF OFFERS: Listing brokers, in response to inquiries from buyers or cooperating brokers, shall, with the seller's approval, disclose the existence of offers on the property. Where disclosure is authorized, the listing broker shall also disclose, if asked, whether offers were obtained by the listing licensee, by another licensee in the listing firm, or by a cooperating broker. (Adopted 1/03, Amended 11/08)

Section 2.10—AVAILABILITY OF LISTED PROPERTY: Listing brokers shall not misrepresent the availability of access to show or inspect listed property.

Refusal to Sell

Section 3—REFUSAL TO SELL: If the seller of any listed property filed with the Multiple Listing Service refuses to accept a written offer satisfying the terms and conditions stated in the listing, such fact shall be transmitted immediately to the Service and to all Participants.

Prohibitions

Section 4—INFORMATION FOR PARTICIPANTS ONLY: Any listing filed with the Service shall not be made available to any broker or firm not a Member of the MLS without the prior consent of the listing broker.

Section 4.1—"FOR SALE" SIGNS: Only the "For Sale" sign of the listing broker may be placed on a property.

Section 4.2—"SOLD" SIGNS: Prior to closing, only the "Sold" sign of the listing broker may be placed on a property, unless the listing broker authorizes the cooperating (selling) broker to post such a sign.

Section 4.3—SOLICITATION OF LISTING FILED WITH THE SERVICE: Participants shall not solicit a listing on property filed with the Service unless such solicitation is consistent with Article 16 of the REALTORS®' Code of Ethics, its Standards of Practice, and its Case Interpretations.

Note: This Section is to be construed in a manner consistent with Article 16 of the Code of Ethics and particularly Standard of Practice 16-4. This Section is intended to encourage sellers to permit their properties to be filed with the Service by protecting them from being solicited, prior to expiration of the listing, by brokers and salespersons seeking the listing upon its expiration.

Without such protection, a seller could receive hundreds of calls, communications, and visits from brokers and salespersons who have been made aware through MLS filing of the date the listing will expire and desire to substitute themselves for the present broker.

This Section is also intended to encourage brokers to participate in the Service by assuring them that other Participants will not attempt to persuade the seller to breach the listing agreement or to interfere with their attempts to market the property. Absent the protection afforded by this Section, listing brokers would be most reluctant to generally disclose the identity of the seller or the availability of the property to other brokers.

This Section does not preclude solicitation of listings under the circumstances otherwise recognized by the Standards of Practice related to Article 16 of the Code of Ethics.

(NOTE: In SOP16-4, 16-5 the first sentence of each is true in Minnesota. Please see Department of Commerce Statutes, Chapter 82.81, Subd.10 PROHIBITIONS for clarification on Minnesota Statute differences.)

Section 4.4—Use of the Terms MLS and Multiple Listing Service

No MLS participant, subscriber or licensee affiliated with any participant shall, through the name of their firm, their URLs, their e-mail addresses, their website addresses, or in any other way represent, suggest, or imply that the individual or firm is an MLS, or that they operate an MLS. Participants, subscribers and licensees affiliated with participants shall not represent, suggest, or imply that consumers or others have direct access to MLS databases, or that consumers or others are able to search MLS databases available only to participants and subscribers. This does not prohibit participants and subscribers from representing that any information they are authorized under MLS rules to provide to clients or customers is available on their websites or otherwise. (Adopted 11/07)

Division of Commissions

Section 5—COMPENSATION SPECIFIED ON EACH LISTING: The listing broker shall specify, on each listing filed with the Multiple Listing Service, the compensation offered to other Multiple Listing Service Participants for their services in the sale of such listing. Such offers are unconditional except that entitlement to compensation is determined by the cooperating broker's performance as the procuring cause of the sale (or lease) or as otherwise provided for in this rule. The listing broker's obligation to compensate any cooperating broker as the procuring cause of the sale (or lease) may be excused if it is determined through arbitration that, through no fault of the listing broker and in the exercise of good faith and reasonable care, it was impossible or financially unfeasible for the listing broker to collect a commission pursuant to the listing agreement. In such instances, entitlement to cooperative compensation offered through MLS would be a question to be determined by an arbitration hearing panel based on all relevant facts and circumstances including, but not limited to, why it was impossible or financially unfeasible for the listing broker to collect some or all of the commission established in the listing agreement; at what point in the transaction did the listing broker know (or should have known) that some or all of the commission established in the listing agreement might not be paid; and how promptly had the listing broker communicated to cooperating brokers that the commission established in the listing agreement might not be paid. (Amended 11/98)

In filing a property with the Multiple Listing Service of an Association of REALTORS®, the Participant of the Service is making blanket unilateral offers of compensation to the other MLS Participants, and shall therefore specify on each listing filed with the Service, the compensation being offered to the other MLS Participants. Specifying the compensation on each listing is necessary, because the cooperating broker has the right to know what his compensation shall be prior to his endeavor to sell. (Amended 11/96)

**The compensation specified on listings filed with the Multiple Listing Service shall appear in one of two forms. The essential and appropriate requirement by an Association Multiple Listing Service is that the information to be published shall clearly inform the Participants as to the compensation they will receive in cooperative transactions, unless advised otherwise by the listing broker, in writing, in advance of submitting an offer to purchase. The compensation specified on listings published by the MLS shall be shown in one of the following forms:*

1. by showing a percentage of the gross selling price

2. by showing a definite dollar amount (Amended 5/10)

The listing broker retains the right to determine the amount of compensation offered to other Participants (acting as subagents, buyer agents, or in other agency or facilitator capacities defined by law) which may be the same or different.

This shall not preclude the listing broker from offering any MLS Participant compensation other than the compensation indicated on any listing published by the MLS, provided the listing broker informs the other broker, in writing, in advance of submitting an offer to purchase, and provided that the modification in the specified compensation is not the result of any agreement among all or any other Participants in the Service. Any superseding offer of compensation must be expressed as either a percentage of the gross sales price or as a flat dollar amount.

Note 1: The multiple listing service shall not have a rule requiring the listing broker to disclose the amount of total negotiated commission in his listing contract, and the Multiple Listing Service shall not publish the total negotiated commission on a listing that has been submitted to the MLS by a Participant. The association Multiple Listing Service shall not disclose in any way the total commission negotiated between the seller and the listing broker.

Note 2: The listing broker may, from time to time, adjust the compensation offered to other multiple listing service participants for their services with respect to any listing by advance published notice to the Service so that all Participants will be advised.

Note 3: The Multiple Listing Service shall make no rule on the division of commissions between participants and nonparticipants. This should remain solely the responsibility of the listing broker.

Note 4: Multiple Listing Services, at their discretion, may adopt rules and procedures enabling listing brokers to communicate to potential cooperating brokers that gross commissions established in listing contracts are subject to court approval; and that compensation payable to cooperating brokers may be reduced if the gross commission established in the listing contract is reduced by a court. In such instances, the fact that the gross commission is subject to court approval and either the potential reduction in compensation payable to cooperating brokers or the method by which the potential reduction in compensation will be calculated must be clearly communicated to potential cooperating brokers prior to the time they submit an offer that ultimately results in a successful transaction. (Amended 5/10)

Note 5: Nothing in these MLS Rules precludes a listing participant and a cooperating participant, as a matter of mutual agreement, from modifying the cooperative compensation to be paid in the event of a successful transaction.

Note 6: Multiple listing services must give participants the ability to disclose to other participants any potential for a short sale. As used in these rules, short sales are defined as a transaction where title transfers, where the sale price is insufficient to pay the total of all liens and costs of sale and where the seller does not bring sufficient liquid assets to the closing to cure all deficiencies. Multiple listing services may, as a matter of local discretion, require participants to disclose potential short sales when participants know a transaction is a potential short sale. In any instance where a participant discloses a potential short sale, they may, as a matter of local discretion, also be permitted to communicate to other participants how any reduction in the gross commission established in the listing contract required by the lender as a condition of approving the sale will be apportioned between listing and cooperating participants. All confidential disclosures and confidential information related to short sales, if allowed by local rules, must be communicated through dedicated fields or confidential “remarks” available only to participants and subscribers.

Section 5.0.1—Disclosing Potential Short Sales. Multiple listing services that permit, but do not require, participants to disclose potential short sales should adopt the following rule.

Participants may, but are not required to, disclose potential short sales to other participants and subscribers.

When disclosed, participants may, at their discretion, advise other participants whether and how any reduction in the gross commission established in the listing contract, required by the lender as a condition of approving the sale, will be apportioned between listing and cooperating participants. (Adopted 5/08)

Where participants communicate to other participants how any reduction in the gross commission established in the listing contract required by the lender as a condition of approving the sale will be apportioned between the listing and cooperating participants, listing participants shall disclose to cooperating participants in writing the total reduction in the gross commission and the amount by which the compensation payable to the cooperating broker will be reduced within three (3) business days of receipt of notification from the lender.

Section 5.1—PARTICIPANT AS PRINCIPAL: If a Participant or any licensee (or licensed or certified appraiser) affiliated with a participant has any ownership interest in a property, the listing of which is to be disseminated through the multiple listing service, that person shall disclose that interest when the listing is filed with the Multiple Listing Service and such information shall be disseminated to all multiple listing service participants.

Section 5.2—PARTICIPANT AS PURCHASER: If a participant or any licensee (including licensed and certified appraisers) affiliated with a participant wishes to acquire an interest in property listed with another participant, such contemplated interest shall be disclosed, in writing, to the listing broker not later than the time an offer to purchase is submitted to the listing broker.

Section 5.3—DUAL OR VARIABLE RATE COMMISSION ARRANGEMENTS: The existence of a dual or variable rate commission arrangement (i.e., one in which the seller/landlord agrees to pay a specified commission if the property is sold/leased by the listing broker without assistance and a different commission if the sale/lease results through the efforts of a cooperating broker; or one in which the seller/landlord agrees to pay a specified commission if the property is sold/leased by the listing broker either with or without the assistance of a cooperating broker and a different commission if the sale/lease results through the efforts of a seller/landlord) shall be disclosed by the listing broker by a key, code, or symbol as required by the MLS. The listing broker shall, in response to inquiries from potential cooperating brokers, disclose the differential that would result in either a cooperative transaction or, alternatively, in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease.

Service Charges

Section 6—SERVICE FEES AND CHARGES: The following service charges for operation of the multiple listing service are in effect to defray the costs of the Service and are subject to change from time to time in the manner prescribed.

(a) **Initial Participation Fee:** An applicant for participation in the Service shall pay an application fee as determined by and approved by the MLS Board of Directors budget process with such fee to accompany the application.

Note: The initial participation fee shall approximate the cost of bringing the Service to the Participant.

(b) **Recurring Participation Fee:** The quarterly participation fee of each Participant shall be an amount as determined by and approved by the MLS Board of Directors budget process times each salesperson and licensed or certified appraiser who has access to and use of the Service, whether licensed as a broker, sales licensee, or licensed or certified appraiser who is employed by or affiliated as an independent contractor with such Participant. Payment of such fees shall be made on or before the first day of each quarter. Fees shall be prorated on a quarterly basis.

Section 6.1—SERVICE FEES AND CHARGES: The participation fee of each Participant shall be an amount established by the MLS Committee budget process times each salesperson and licensed or certified appraiser who has access to and use of the Service, whether licensed as a broker, sales licensee or licensed or certified appraiser who is employed by or affiliated as an independent contractor with such Participant. The MLS will accept only the Participant's check in payment of these fees and charges.

Section 6.2—BILLING OF SERVICE FEES AND CHARGES: Each Participant will receive a billing for the services of MLS. This billing will list all licensees affiliated with Participant and show how billed amount was established. If a licensee who is no longer affiliated with Participant appears on the billing, the Participant is required to send written verification of this to the MLS and then will not be responsible for the fees based upon that agent's severed affiliation with the Participant.

Section 6.3—PAYMENT SCHEDULE: Payment is due on the first day of each quarter. Failure to pay the service fees or charges by the 7th of the month shall result in a fine and all MLS services being denied.

Section 6.4—If service fees are not paid by the last day of the month, or if any miscellaneous charges are not paid within 30 days of the date of statement, said Participant would be suspended from MLS. Participation will be notified 10 days in advance of the impending suspension.

Section 6.5—If service fees and/or miscellaneous charges are not paid within 60 days of the date of the statement, said Participant would be expelled from the Service. Participant will be notified 10 days in advance of the impending expulsion. Once expelled, a Participant may apply for reinstatement in the manner prescribed for new applicants for membership, after making payment in full of all accounts due as of the date of termination, paying a new initiation fee and the recurring Participant fee.

Section 6.6—Participants will not be billed for any person for whom a waiver has been granted for the duration of the waiver.

Section 6.7—DROP-OUTS: If a Participant elects to drop out of the Service and later re-enters, he/she must apply for membership in the manner prescribed for new applicants for membership, after making payment in full of all accounts due as of the date of dropping out, paying a new member initiation fee and recurring service fee.

Section 6.8—Any resigned, suspended or expelled Participant shall return all MLS materials; lock boxes and lock box keys to the MLS within two (2) days.

Section 6.9—The Participant and his/her licensees are responsible for their lock box keys. When a licensee ceases to be an MLS user, he is responsible for turning his lock box key into the MLS and receiving his deposit refund, if applicable.

Section 6.10—ACCOUNTING: An annual accounting of the MLS monies shall be given to all Participants.

Compliance with Rules

Section 7—Compliance with Rules / Authority to Impose Discipline

By becoming and remaining a participant or subscriber in this MLS, each participant and subscriber agrees to be subject to the rules and regulations and any other MLS governance provision. The MLS may, through the administrative and hearing procedures established in these rules, impose discipline for violations of the rules and other MLS governance provisions. Discipline that may be imposed may only consist of one or more of the following:

- a. letter of warning
- b. letter of reprimand

- c. attendance at MLS orientation or other appropriate courses or seminars which the participant or subscriber can reasonably attend taking into consideration cost, location, and duration
- d. appropriate, reasonable fine not to exceed \$15,000
- e. probation for a stated period of time not less than thirty (30) days nor more than one (1) year
- f. suspension of MLS rights, privileges, and services for not less than thirty (30) days nor more than one (1) year
- g. termination of MLS rights, privileges, and services with no right to reapply for a specified period not to exceed three (3) years (Adopted 11/07)

Section 7.1—Compliance with Rules

The following action may be taken for noncompliance with the rules:

- a. for failure to pay any service charge or fee within one (1) month of the date due, and provided that at least ten (10) days' notice has been given, the service shall be suspended until service charges or fees are paid in full
- b. for failure to comply with any other rule, the provisions of Sections 9 and 9.1 shall apply

Note: Generally, warning, censure, and the imposition of a moderate fine are sufficient to constitute a deterrent to violation of the rules and regulations of the multiple listing service. Suspension or termination is an extreme sanction to be used in cases of extreme or repeated violation of the rules and regulations of the service. If the MLS desires to establish a series of moderate fines, they should be clearly specified in the rules and regulations. (Amended 11/88)

Section 7.2—Applicability of Rules to Users and/or Subscribers

Non-principal brokers, sales licensees, appraisers, and others authorized to have access to information published by the MLS are subject to these rules and regulations and may be disciplined for violations thereof provided that the user or subscriber has signed an agreement acknowledging that access to and use of MLS information is contingent on compliance with the rules and regulations. Further, failure of any user or subscriber to abide by the rules and/or any sanction imposed for violations thereof can subject the participant to the same or other discipline. This provision does not eliminate the participant's ultimate responsibility and accountability for all users or subscribers affiliated with the participant. (Adopted 4/92)

Note: Adoption of Section 7.2 is optional and should be adopted by multiple listing services desiring to establish authority to impose discipline on non-principal users or subscribers affiliated with MLS members or participants. (Amended 11/07)

Meetings

Section 8—MEETINGS: The meetings of the Participants in the Service or the MLS Board of Directors of the Multiple Listing Service for the transaction of business of the Service shall be held in accordance with the provisions of Article 7, Bylaws of the Service.

Enforcement of Rules or Disputes

*** Section 9—Considerations of Alleged Violations**

The board of directors shall give consideration to all written complaints having to do with violations of the rules and regulations.

Section 9.1—VIOLATIONS OF RULES AND REGULATIONS: If the alleged offense is a violation of the Rules and Regulations of the Service, and does not involve a charge of alleged unethical conduct or request for arbitration, it may be considered and determined by the Multiple Listing Service Board of Directors, and if a violation is determined, the MLS Board may direct the imposition of sanction, provided the recipient of such sanction may appeal it to the Professional Standards Committee of the Minnesota Association of REALTORS® for a hearing by the Professional Standards Committee in accordance with the Bylaws of the Minnesota Association of REALTORS®.

If, rather than conducting an administrative review, the MLS Board has a procedure established to conduct hearings, the decision of the MLS Board may be appealed to the MLS Board of Directors or the Board of Directors of the Association within twenty (20) days of the tribunal's decision being rendered. Alleged violations involving unethical conduct shall be referred to the MNAR Grievance Committee for processing in accordance with the statewide professional standards procedures. If the charge alleges a refusal to arbitrate, such charge shall be referred directly to the Board of Directors of the Southeast Minnesota Association of REALTORS®.

Confidentiality of MLS Information

Section 10—CONFIDENTIALITY OF MLS INFORMATION: Any information provided by the Multiple Listing Service to the Participants shall be considered official information of the Service. Such information shall be considered confidential and exclusively for the use of Participants and real estate licensees affiliated with such Participants and those Participants who are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property and licensed or certified appraisers affiliated with such Participants.

Section 10.0—Property Data Sheets and Uniform Exclusive Listing Agreements filed with the Service are available to the Listing Agent and Listing Broker only.

Section 10.1—MLS NOT RESPONSIBLE FOR ACCURACY OF INFORMATION: The information published and disseminated by the Service is communicated verbatim, without change by the Service, as filed with the Service by the Participant. The Service does not verify such information provided and disclaims any responsibility for its accuracy. Each Participant agrees to hold the Service harmless against any liability arising from any inaccuracy or inadequacy of the information such Participant provides.

Section 10.2—ACCESS TO COMPARABLE AND STATISTICAL INFORMATION: Board members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development, or building, but who do not participate in the MLS, are nonetheless entitled to receive by purchase or lease all information other than current listing information that is generated wholly or in part by the MLS, including "comparable" information, "sold" information, and statistical reports. This information is provided for the exclusive use of Board members and individuals affiliated with Board members who are also engaged in the real estate business and may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office, or firm, except as otherwise provided in these rules and regulations.

Ownership of MLS Compilation* and Copyright

Section 11—By the act of submitting any property listing content to the MLS the Participant represents that he has been authorized to grant and also thereby does grant authority for the MLS to include the property listing content in its copyrighted MLS compilation and also in any statistical report on comparables. Listing content includes, but is not limited to, photographs, images, graphics, audio and video recordings, virtual tours, drawings, descriptions, remarks, narratives, pricing information, and other details or information related to listed property.

Section 11.1—All right, title, and interest in each copy of every multiple listing compilation created and copyrighted by the Southeast Minnesota Association of REALTORS® and in the copyrights therein, shall at all times remain vested in the Southeast Minnesota Association of REALTORS®.

Section 11.2—Each Participant shall be entitled to lease from the Southeast Minnesota Association of REALTORS® a number of copies of each MLS compilation sufficient to provide the Participant and each person affiliated as a licensee (including licensed or certified appraisers) with such Participant with one copy of such compilation. The Participant shall pay for each such copy the rental fee set by the Board.

Participants shall acquire by such lease only the right to use the MLS compilation in accordance with these rules.

Use of Copyrighted MLS Compilation

Section 12—DISTRIBUTION: Participants shall, at all times, maintain control over and responsibility for each copy of any MLS compilation leased to them by the association of REALTORS®, and shall not distribute any such copies to persons other than subscribers who are affiliated with such participant as licensees, those individuals who are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, and any other subscribers as authorized pursuant to the governing documents of the MLS. Use of information developed by or published by an association multiple listing service is strictly limited to the activities authorized under a participant's licensure(s) or certification, and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "Participation" or "Membership" or any right of access to information developed or published by an association multiple listing service where access to such information is prohibited by law.

Section 12.1—DISPLAY: Participants and those persons affiliated as licensees with such participants shall be permitted to display the MLS compilation to prospective purchasers only in conjunction with their ordinary business activities of attempting to locate ready, willing, and able buyers for the properties described in said MLS compilation.

Section 12.2—REPRODUCTION: Participants or their affiliated licensees shall not reproduce any MLS compilation or any portion thereof, except in the following limited circumstances.

Participants or their affiliated licensees may reproduce from the MLS compilation and distribute to prospective purchasers a reasonable* number of single copies of property listing data contained in the MLS compilation which relate to any properties in which the prospective purchasers are or may, in the judgment of the Participant or their affiliated licensees, be interested.

Reproductions made in accordance with this rule shall be prepared in such a fashion that the property listing data of properties other than that in which the prospective purchaser has expressed interest, or in which the Participant or the affiliated licensees are seeking to promote interest, does not appear on such reproduction.

Nothing contained herein shall be construed to preclude any participant from utilizing, displaying, distributing, or reproducing property listing sheets or other compilations of data pertaining exclusively to properties currently listed for sale with the Participant.

Any MLS information, whether provided in written or printed form, provided electronically, or provided in any other form or format, is provided for the exclusive use of the participant and those licensees affiliated with the participant who are authorized to have access to such information. Such information may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office, or firm.

**It is intended that the participant be permitted to provide prospective purchasers with listing data relating to properties which the prospective purchaser has a bona fide interest in purchasing or in which the Participant is seeking to promote interest. The term reasonable, as used herein, should therefore be construed to permit only limited reproduction of property listing data intended to facilitate the prospective purchaser's decision-making process in the consideration of a purchase. Factors which shall be considered in deciding whether the reproductions made are consistent with this intent and thus reasonable in number, shall include, but are not limited to, the total number of listings in the MLS compilation, how closely the types of properties contained in such listings accord with the prospective purchaser's expressed desires and ability to purchase, whether the reproductions were made on a selective basis, and whether the type of properties contained in the property listing data is consistent with a normal itinerary of properties which would be shown to the prospective purchaser.*

None of the foregoing shall be construed to prevent any individual legitimately in possession of current listing information, sold information, comparables, or statistical information from utilizing such information to support an estimate of value on a particular property for a particular client. However, only such information that a board or board-owned multiple listings has deemed to be non-confidential and necessary to support the estimate of

value may be reproduced and attached to the report as supporting documentation. Any other use of such information is unauthorized and prohibited by these rules and regulations.

Use of MLS Information

Section 13—LIMITATIONS ON USE OF MLS INFORMATION: Use of information from MLS compilation of current listing information, from the Association’s statistical report, or from any sold or comparable report of the Board or MLS for public mass-media advertising by an MLS Participant or in other public representations, may not be prohibited.

However, any print or non-print forms of advertising or other forms of public representations based in whole or in part on information supplied by the association or its MLS must clearly demonstrate the period of time over which such claims are based and must include the following, or substantially similar, notice:

“Based on information from the Southeast Minnesota Association of REALTORS® (alternatively, from the Southeast Minnesota Association MLS) for the period (date) through (date)”

Section 13.1—SALE OR LEASE OF MLS DATA IN ANY FORM IS PROHIBITED WITHOUT CONSENT FROM MLS. Except for a written appraisal report, any MLS data that a Participant, agent or employee of a Participant downloads into his/her personal computer, other computer system, or manually assembles, may not be reproduced or transmitted in any form for sale to any individual or entity, for compensation, whether or not the intended purchaser or entity is a Participant (which includes agents or employees of MLS), without the written authorization of the Association’s MLS Board of Directors.

Changes in Rules and Regulations

Section 14—CHANGES IN RULES AND REGULATIONS: Amendments to the rules and regulations of the Service shall be by consideration and approval of the MLS Board of Directors of the Multiple Listing Service, subject to final approval by the Board of Directors of the Southeast Minnesota Association of REALTORS®, the sole and exclusive shareholder of the stock of the Service corporation.

Orientation

Section 17—Orientation: Any applicant for MLS participation and any licensee (including licensed or certified appraisers) affiliated with an MLS participant who has access to and use of MLS generated information shall complete an orientation program of no more than eight (8) classroom hours devoted to the MLS rules and regulations and computer training related to MLS information entry and retrieval and the operation of the MLS within thirty (30) days after access has been provided.

Participants and subscribers may be required, at the discretion of the MLS, to complete additional training of not more than four (4) classroom hours in any twelve (12) month period when deemed necessary by the MLS to familiarize participants and subscribers with system changes or enhancement and/or changes to MLS rules or policies. Participants and subscribers must be given the opportunity to complete any mandated additional training remotely

Internet Data Exchange (IDX) (revised 12 07, 02 08)

February 2008: NEW IDX Policy

These fields CANNOT be displayed on IDX websites: No personal information of clients, Instructions and showing information, commission fields, agency fields, expiration dates, nor concessions, no History, no statuses: CANCELLED, TEMP OFF MARKET, EXPIRED, WITHDRAWN.

IDX sites can display Active, Pending, and Closed data, as well as Supplements.

All websites for real estate agents and brokerages must indicate on the first page the brokerage name and for each agent and broker the name of the STATE OF LICENSURE.

Internet Data Exchange (IDX)

Section 18—INTERNET DATA EXCHANGE (IDX) DEFINED: IDX affords MLS Participants (also called

Brokers) the ability to authorize limited electronic display of their listings by other participants and/or on a website for the public. IDX refers to the mandated and/or optional services and policies established to implement the exchange and display of active listing data on Broker/Participant websites.

Section 18.1—AUTHORIZATION:

Participants' consent for display of their listings by other participants pursuant to these rules and regulations is presumed unless a participant affirmatively notifies the MLS that the participant refuses to permit display (either on a blanket or on a listing-by-listing basis). If a participant refuses on a blanket basis to permit the display of that participant's listings, that participant may not download, frame or display the aggregated MLS data of other participants. Even where participants have given blanket authority for other participants to display their listings on IDX sites, such consent may be withdrawn on a listing-by-listing basis where the seller has prohibited all Internet display.

Section 18.2—PARTICIPATION: Participation in IDX is available to all MLS participants who are REALTORS® who are engaged in real estate brokerage and who consent to display of their listings by other participants.

Section 18.2.1—Participants must notify the MLS of their intention to display IDX information and must give the MLS direct access for purposes of monitoring/ensuring compliance with applicable rules and policies.

Section 18.2.2—MLS participants may not use IDX-provided listings for any purpose other than display. This does not require participants to prevent indexing of IDX listings by recognized search engines.

Section 18.2.3—Listings including property addresses, can be included in IDX displays except where a seller has directed their listing brokers to withhold their listing or the listing's property address from all display on the Internet (including, but not limited to, publicly-accessible Web sites or VOWs).

Section 18.2.4—Participants may select the listings they choose to display on their IDX sites based only on objective criteria including, but not limited to, factors such as geography or location ("uptown, "downtown", etc), list price, type of property (e.g. condominiums, cooperatives, single family detached, "multi-family, etc.), cooperative compensation offered by listing brokers, type of listing (e.g. exclusive right-to-sell, or exclusive agency), or the level of service being provided by the listing firm. Selection of listings displayed on any IDX site must be independently made by each participant.

Section 18.2.5—Participants must refresh all MLS downloads and refresh IDX data displays automatically fed by those downloads at least once every Three (3) days.

Section 18.2.6—Except as provided in the IDX policy and these rules, an IDX site or a participant or user operating an IDX site or displaying IDX information as otherwise permitted may not distribute, provide, or make any portion of the MLS database available to any person or entity.

Section 18.2.7—Any IDX display controlled by a participant must clearly identify the name of the brokerage firm under which they operate in a readily visible color and typeface. For the purposes of the IDX policy and these rules, "control" means the ability to add, delete, modify and update information as required by the IDX policy and MLS rules.

Section 18.2.8—Any IDX display controlled by a participant of subscriber that

- a. allows third-parties to write comments or reviews about particular listings or displays a hyperlink to such comments or reviews in immediate conjunction with particular listings, or
- b. displays an automated estimate of the market value of the listing (or hyperlink to such estimate) in immediate conjunction with the listing,

either or both of those features shall be disabled or discontinued for the seller's listings at the request of the seller. The listing broker or agent shall communicate to the MLS that the seller has elected to have one or both of these features disabled or discontinued on all displays controlled by participants. Except for the foregoing and subject to Section 18.2.9, a participant's IDX display may communicate the participant's professional judgment concerning any listing. Nothing shall prevent an IDX display from notifying its customers that a particular feature has been disabled at the request of the seller.

Section 18.2.9—Participants shall maintain a means (e.g., e-mail address, telephone number) to receive comments about the accuracy of any data or information that is added by or on behalf of the participant beyond that supplied by the MLS and that relates to a specific property. Participants shall correct or remove any false data or information relating to a specific property upon receipt of a communication from the listing broker or listing agent for the property explaining why the data or information is false. However, participants shall not be obligated to remove or correct any data or information that simply reflects good faith opinion, advice, or professional judgment.

Section 18.3—DISPLAY: Display of listing information pursuant to IDX is subject to the following rules:

Section 18.3.1—Listings displayed pursuant to IDX shall contain only those fields of data designated by the MLS. Display of all other fields (as determined by the MLS) is prohibited. Confidential fields intended only for other MLS participants and users (e.g., cooperative compensation offers, showing instructions, property security information, etc.) may not be displayed.

Section 18.3.1.1—The type of listing agreement (e.g., exclusive right to sell, exclusive agency, etc.) may not be displayed.

Section 18.3.2—Participants shall not modify or manipulate information relating to other participants' listings. (This is not a limitation on site design but refers to changes to actual listing data.) MLS data may be augmented with additional data not otherwise prohibited from display so long as the source of the additional data is clearly identified. This requirement does not restrict the format of MLS data display or display of fewer than all of the available listings or fewer authorized data fields.

Section 18.3.3—All listings displayed pursuant to IDX shall identify the listing firm in a reasonably prominent location and in a readily visible color and typeface not smaller than the median used in the display of listing data. Displays of minimal information (e.g. "thumbnails", text messages, "tweets", etc. of two hundred (200) characters or less) are exempt from this requirement but only when linked directly to a display that includes all required disclosures.

Section 18.3.5—Non-principal brokers and sales licensees affiliated with IDX participants may display information available through IDX on their own websites subject to their participant's consent and control and the requirements of state law and/or regulation.

Section 18.3.7—All listings displayed pursuant to IDX shall show the MLS as the source of the information.

Section 18.3.8—Participants (and their affiliated licensees, if applicable) shall indicate on their websites that IDX information is provided exclusively for consumers' personal, non-commercial use, that it may not be used for any purpose other than to identify prospective properties consumers may be interested in purchasing, and that the data is deemed reliable but is not guaranteed accurate by the MLS. The MLS may, at its discretion, require use of other disclaimers as necessary to protect participants and/or the MLS from liability.

Section 18.3.9—The data consumers can retrieve or download in response to an inquiry shall be determined by the MLS but in no instance shall be limited to fewer than one hundred (100) listings or five percent (5%) of the listings available for IDX display, whichever is fewer.

Section 18.3.10—The right to display other participants’ listings pursuant to IDX shall be limited to a participant’s office(s) holding participatory rights in this MLS.

Section 18.3.13—Display of seller’s(s’) and/or occupant’s(s’) name(s), phone number(s), and e-mail address(es) is prohibited.

Section 18.3.16—Deceptive or misleading advertising (including co-branding) on pages displaying IDX-provided listings is prohibited. For purposes of these rules, co-branding will be presumed not to be deceptive or misleading if the participant’s logo and contact information is larger than that of any third party. (Adopted 11/09)

Section 18.4—Service Fees and Charges

Service fees and charges for participation in IDX shall be as established annually by the Board of Directors.

Section 18.5.2—Copyright data and other notices and disclaimers may appear on a separate page, accessed by clicking an icon, logo or phrase (such as Copyright Notice).

Section 18.5.3—Any result identifying another IDX Subscriber’s listing shall include the disclaimer “Information Deemed Reliable But Not Guaranteed.” A statement with regard to updates should say substantially: “Data may not be current,” and appear on the results page, or the actual “last update date” may be used.

Section 18.7.1—No portion of the IDX database shall be used or provided to a third party for any purpose other than those expressly provided for in these rules. Any Broker or agent using a third party to develop/design its website will have a written agreement with that third party as prescribed by the SEMAR MLS.

Section 19 Virtual Office Websites (VOWs)

Section 19.1 (a): A Virtual Office Website (“VOW”) is a participant’s Internet website, or a feature of a participant’s website, through which the participant is capable of providing real estate brokerage services to consumers with whom the participant has first established a broker-consumer relationship (as defined by state law) where the consumer has the opportunity to search MLS Listing Information, subject to the participant’s oversight, supervision, and accountability. A non-principal broker or sales licensee affiliated with a participant may, with his or her participant’s consent, operate a VOW. Any VOW of a non-principal broker or sales licensee is subject to the participant’s oversight, supervision, and accountability.

(b) As used in Section 19 of these Rules, the term “participant” includes a participant’s affiliated non-principal brokers and sales licensees – except when the term is used in the phrases “participant’s consent” and “participant’s oversight, supervision, and accountability”. References to “VOW” and “VOWs” include all VOWs, whether operated by a participant, by a non-principal broker or sales licensee, or by an Affiliated VOW Partner (“AVP”) on behalf of a Participant.

(c) “Affiliated VOW Partner” (“AVP”) refers to an entity or person designated by a Participant to operate a VOW on behalf of the Participant, subject to the participant’s supervision, accountability and compliance with the VOW Policy. No AVP has independent participation rights in the MLS by virtue of its right to receive information on behalf of a participant. No AVP has the right to use MLS listing information except in connection with operation of a VOW on behalf of one or more participants. Access by an AVP to MLS listing information is derivative of the rights of the participant on whose behalf the AVP operates a VOW.

(d) As used in Section 19 of these Rules, the term “MLS listing information” refers to active listing information and sold data provided by participants to the MLS and aggregated and distributed by the MLS to participants.

Section 19.2 (a): The right of a participant’s VOW to display MLS listing information is limited to that supplied by the MLS(s) in which the participant has participatory rights. However, a participant with offices participating in different MLSs may operate a master website with links to the VOWs of the other offices.

(b) Subject to the provisions of the VOW Policy and these rules, a participant’s VOW, including any VOW operated on behalf of a participant by an AVP, may provide other features, information, or functions, e.g. Internet Data Exchange (“IDX”).

(c) Except as otherwise provided in the VOW Policy or in these rules, a participant need not obtain separate permission from other MLS participants whose listings will be displayed on the participant’s VOW.

Section 19.3 (a): Before permitting any consumer to search for or retrieve any MLS Listing Information on his or her VOW, the participant must take each of the following steps:

(i) The participant must first establish with that consumer a lawful broker-consumer relationship (as defined by state law), including completion of all actions required by state law in connection with providing real estate brokerage services to clients and customers (hereinafter “Registrants”). Such actions shall include, but are not limited to, satisfying all applicable agency, non-agency, and other disclosure obligations, and execution of any required agreements.

(ii) The participant must obtain the name of, and a valid email address for, each Registrant. The participant must send an email to the address provided by the Registrant confirming that the Registrant has agreed to the Terms of Use (described in subsection (d) below). The participant must verify that the email address provided by the Registrant is valid and that the Registrant has agreed to the Terms of Use.

(iii) The participant must require each Registrant to have a user name and a password, the combination of which is different from those of all other Registrants on the VOW. The Participant may, at his or her option, supply the user name and password or may allow the Registrant to establish its user name and password. The participant must also assure that any email address is associated with only one user name and password.

(b) The participant must assure that each Registrant’s password expires on a date certain but may provide for renewal of the password. The participant must at all times maintain a record of the name, email address, user name, and current password of each registrant. The participant must keep such records for not less than 180 days after the expiration of the validity of the Registrant’s password.

(c) If the MLS has reason to believe that a participant’s VOW has caused or permitted a breach in the security of MLS Listing Information or a violation of MLS rules, the participant shall, upon request of the MLS, provide the name, email address, user name, and current password, of any Registrant suspected of involvement in the breach or violation. The participant shall also, if requested by the MLS, provide an audit trail of activity by any such registrant.

(d) The participant shall require each registrant to review, and affirmatively to express agreement (by mouse click or otherwise) to, a “Terms of Use” provision that provides at least the following:

i. That the Registrant acknowledges entering into a lawful consumer-broker relationship with the participant;

ii. That all information obtained by the Registrant from the VOW is intended only for the Registrant’s personal, non-commercial use;

iii. That the Registrant has a bona fide interest in the purchase, sale, or lease of real estate of the type being offered through the VOW;

iv. That the Registrant will not copy, redistribute, or retransmit any of the information provided except in connection with the Registrant’s consideration of the purchase or sale of an individual property;

v. That the Registrant acknowledges the MLS's ownership of, and the validity of the MLS's copyright in, the MLS database.

(e) The Terms of Use Agreement may not impose a financial obligation on the Registrant or create any representation agreement between the Registrant and the participant. Any agreement entered into at any time between the participant and Registrant imposing a financial obligation on the Registrant or creating representation of the Registrant by the participant must be established separately from the Terms of Use, must be prominently labeled as such, and may not be accepted solely by mouse click.

(f) The Terms of Use Agreement shall also expressly authorize the MLS, and other MLS participants or their duly authorized representatives, to access the VOW for the purposes of verifying compliance with MLS rules and monitoring display of participants' listings by the VOW. The Agreement may also include such other provisions as may be agreed to between the participant and the Registrant.

Section 19.4: A participant's VOW must prominently display an e-mail address, telephone number, or specific identification of another mode of communication (e.g., live chat) by which a consumer can contact the participant to ask questions, or get more information, about any property displayed on the VOW. The participant, or a non-principal broker or sales licensee licensed with the participant, must be willing and able to respond knowledgeably to inquiries from Registrants about properties within the market area served by that participant and displayed on the VOW.

Section 19.5: A participant's VOW must employ reasonable efforts to monitor for, and prevent, misappropriation, "scraping", and other unauthorized use of MLS listing information. A participant's VOW shall utilize appropriate security protection such as firewalls as long as this requirement does not impose security obligations greater than those employed concurrently by the MLS.

(NOTE: MLSs may adopt rules requiring participants to employ specific security measures, provided that any security measure required does not impose obligations greater than those employed by the MLS.)

Section 19.6 (a): A participant's VOW shall not display listings or property addresses of any seller who has affirmatively directed the listing broker to withhold the seller's listing or property address from display on the Internet. The listing broker shall communicate to the MLS that the seller has elected not to permit display of the listing or property address on the Internet. Notwithstanding the foregoing, a participant who operates a VOW may provide to consumers via other delivery mechanisms, such as email, fax, or otherwise, the listings of sellers who have determined not to have the listing for their property displayed on the Internet.

(b) A participant who lists a property for a seller who has elected not to have the property listing or the property address displayed on the Internet shall cause the seller to execute a document that includes the following (or a substantially similar) provision:

Seller Opt-Out Form

1. Please check either Option a or Option b

a. I have advised my broker or sales agent that I do not want the listed property to be displayed on the Internet.

OR

b. I have advised my broker or sales agent that I do not want the address of the listed property to be displayed on the Internet.

2. I understand and acknowledge that, if I have selected option a, consumers who conduct searches for listings on the Internet will not see information about the listed property in response to their search.

initials of seller

(c) The participant shall retain such forms for at least one year from the date they are signed, or one year from the date the listing goes off the market, whichever is greater.

Section 19.7: (a) Subject to subsection (b), a participant's VOW may allow third-parties

(i) to write comments or reviews about particular listings or display a hyperlink to such comments or reviews in immediate conjunction with particular listings, or

(ii) display an automated estimate of the market value of the listing (or hyperlink to such estimate) in immediate conjunction with the listing

(b) Notwithstanding the foregoing, at the request of a seller the participant shall disable or discontinue either or both of those features described in subsection (a) as to any listing of the seller. The listing broker or agent shall communicate to the MLS that the seller has elected to have one or both of these features disabled or discontinued on all participants' websites. Subject to the foregoing and to Section 19.8, a participant's VOW may communicate the participant's professional judgment concerning any listing. A Participant's VOW may notify its customers that a particular feature has been disabled "at the request of the seller."

Section 19.8: A participant's VOW shall maintain a means (e.g., e-mail address, telephone number) to receive comments from the listing broker about the accuracy of any information that is added by or on behalf of the participant beyond that supplied by the MLS and that relates to a specific property displayed on the VOW. The participant shall correct or remove any false information relating to a specific property within 48 hours following receipt of a communication from the listing broker explaining why the data or information is false. The participant shall not, however, be obligated to correct or remove any data or information that simply reflects good faith opinion, advice, or professional judgment.

Section 19.9: A participant shall cause the MLS listing information available on its VOW to be refreshed at least once every three (3) days.

Section 19.10: Except as provided in these rules, the NATIONAL ASSOCIATION OF REALTORS® VOW Policy, or any other applicable MLS rules or policies, no Participant shall distribute, provide, or make accessible any portion of the MLS listing information to any person or entity.

Section 19.11: A participant's VOW must display the participant's privacy policy informing Registrants of all of the ways in which information that they provide may be used.

Section 19.12: A participant's VOW may exclude listings from display based only on objective criteria, including, but not limited to, factors such as geography, list price, type of property, cooperative compensation offered by listing broker, and whether the listing broker is a REALTOR®.

Section 19.13: A participant who intends to operate a VOW to display MLS listing information must notify the MLS of its intention to establish a VOW and must make the VOW readily accessible to the MLS and to all MLS participants for purposes of verifying compliance with these rules, the VOW policy, and any other applicable MLS rules or policies.

Section 19.14: A participant may operate more than one VOW himself or herself or through an AVP. A participant who operates his or her own VOW may contract with an AVP to have the AVP operate other VOWs on his or her behalf. However, any VOW operated on behalf of a Participant by an AVP is subject to the supervision and accountability of the Participant.

Section 19.15: A Participant's VOW may not make available for search by, or display to, Registrants any of the following information:

- a. The compensation offered to other MLS Participants.
- b. The type of listing agreement, i.e., exclusive right to sell or exclusive agency.
- c. The seller's and occupant's name(s), phone number(s), or e-mail address(es).
- d. Instructions or remarks intended for cooperating brokers only, such as those regarding showings or security of listed property.

Section 19.16: A participant shall not change the content of any MLS listing information that is displayed on a VOW from the content as it is provided in the MLS. The participant may, however, augment MLS listing information with additional information not otherwise prohibited by these rules or by other applicable MLS rules or policies as long as the source of such other information is clearly identified. This rule does not restrict the format of display of MLS listing information on VOWs or the display on VOWs of fewer than all of the listings or fewer than all of the authorized information fields

Section 19.17: A participant shall cause to be placed on his or her VOW a notice indicating that the MLS listing information displayed on the VOW is deemed reliable but is not guaranteed accurate by the MLS. A participant's VOW may include other appropriate disclaimers necessary to protect the participant and/or the MLS from liability.

Section 19.18: A participant shall cause any listing that is displayed on his or her VOW to identify the name of the listing firm and the listing broker or agent in a readily visible color, in a reasonably prominent location, and in typeface not smaller than the median typeface used in the display of listing data.

Section 19.19: not adopted

Section 19.20: not adopted

Section 19.21: A participant may display advertising and the identification of other entities ("co-branding") on any VOW the participant operates or that is operated on his or her behalf. However, a participant may not display on any such VOW deceptive or misleading advertising or co-branding. For purposes of this section, co-branding will be presumed not to be deceptive or misleading if the participant's logo and contact information (or that of at least one participant, in the case of a VOW established and operated on behalf of more than one participant) is displayed in immediate conjunction with that of every other party, and the logo and contact information of all participants displayed on the VOW is as large as the logo of the AVP and larger than that of any third party.

Section 19.22: A participant shall cause any listing displayed on his or her VOW that is obtained from other sources, including from another MLS or from a broker not participating in the MLS, to identify the source of the listing.

Section 19.23: not adopted

Section 19.24: Participants and the AVPs operating VOWs on their behalf must execute the license agreement required by the MLS.

Section 19.25: Where a seller affirmatively directs their listing broker to withhold either the seller's listing or the address of the seller's listing from display on the Internet, a copy of the seller's affirmative direction shall be provided to the MLS within 48 hours. *(Adopted 11/08)*

MLS Rules and Regulations – Manual and/or Electronic Lock Boxes and Keys

Section 1.0—SECURITY MEASURES: Security measures are necessary for the proper use and handling of MLS electronic lock box keys (called the SupraKey) as provided via a sublease with Supra. Each participant to continue access must change lock box update codes monthly; each code is unique to the user. Shackle codes for key boxes are also unique and are to be kept secure by participants. All key holders, as a condition of the lock box key system agreement, are bound by the rules and procedures governing the lock box system, as described herein. If the user fails to keep the key activated, the MLS can deactivate all access within thirty (30) days, 10 minutes or the next time that the key enters into cell tower range.

Section 1.1—The electronic key used for MLS lock boxes is non-duplicative and shall be issued only to participants and their licensees, including licensed or certified appraisers. “Non-duplicative” means that the key cannot be readily copied in the manner that other types of keys are copied. This key is for the use of the participant and his/her licensees in the carrying out of real estate responsibilities. Only keys and lock boxes issued by the MLS office from the current lock box vendor under contract with the Southeast Minnesota Association of REALTORS® Multiple Listing Service may be used as part of this program. (Brokers and agents may use other lock boxes of their own on properties, but these boxes will not be a part of the association lock box security system.) Each participant and licensee is responsible for the security of the assigned key and the lease states that the user of this lock box system shall NEVER allow a non-member or another licensed agent the use of the key. No one shall be required to lease a key from the Association except on a voluntary basis.

Section 1.2—The MLS shall maintain an accurate record as to all electronic keys in inventory or issued to a participant and his licensees. Each participant and his/her licensee, and every licensed or certified appraiser member of MLS, or affiliated with a member of MLS (such as a non-licensed personal assistant, administrative or clerical staff or individuals seeking licensure as real estate appraisers who are under the direct supervision of a designated REALTOR®, or MLS participant or their licensed designee), is eligible to participate in the lock box program and shall be required to sign a lease agreement which spells out the responsibility of each party. In the case of non-principal brokers, salespersons, and licensed or certified appraisers, the lease agreement shall be cosigned by the designated REALTOR® or the office’s broker of record.

Section 1.2.1—The MLS may refuse to sell or lease lock box keys, may terminate existing key lease agreements, and may refuse to activate or reactivate any key held by an individual convicted of a felony or misdemeanor if the crime, in the determination of the MLS, relates to the real estate business or puts clients, customers, or other real estate professionals at risk.

The MLS may suspend the right of lock box key holders to use lock box keys following their arrest and prior to their conviction for any felony or misdemeanor which, in the determination of the MLS, relates to the real estate business or which puts clients, customers, or other real estate professionals at risk.

Factors that can be considered in making such determinations include, but are not limited to:

- (a) the nature and seriousness of the crime
- (b) the relationship of the crime to the purposes for limiting lock box access
- (c) the extent to which access (or continued access) might afford opportunities to engage in similar crime activity
- (d) the extent and nature of past criminal activity
- (e) time since criminal activity was engaged in
- (f) evidence of rehabilitation while incarcerated or following release and
- (g) evidence of present fitness

Key boxes are issued to the member office; inventory must be accounted for and maintained by each broker. The number of key boxes issued is dependent upon the number of agents and the number of active listings for that office.

Section 1.3—The MLS shall require an issuance fee of \$50.00 for each new key issued to a broker, agent or appraiser; the fee for a non-licensed assistant or employee is \$25.00. If the member decides to discontinue the service and return the key, a refund of \$25 will be issued.

The annual lease fee, established by the contract with the vendor, due to the lockbox vendor will be billed to the MLS Participant for each key holder with the quarterly MLS billing (or with a monthly MLS statement for new key holders).

Section 1.4—The MLS shall require a written statement co-signed by the broker and his/her licensee for each key that is lost, stolen or otherwise unaccounted for, with such report being made to the lock box system vendor by MLS and a copy placed in the MLS files. The non-refundable issuance fee for a replacement key for those lost or stolen shall be \$50.00. A partial refund of the initial issuance fee paid to the MLS will not be available if the key is lost or stolen.

Section 1.5—The MLS will perform an annual audit of all keys in inventory and those issued to Participants and licensees. If at the time of inventory a key is unaccounted for, or if a key holder refuses or is unable to demonstrate that the key is within their physical control, then the key will be considered unaccounted for and any funds or issuance fees will be forfeited to the MLS.

Section 1.6—The MLS will require written authorization from the seller to the Listing Broker, either in the listing agreement or on a separate document, prior to placement of a lock box on any property.

Section 1.7—ACCOUNTING FOR KEY ISSUANCE FUNDS: The MLS shall maintain a separate account for funds received as lock box key fees so that funds will be available to be refunded to depositors, unless forfeited by loss of key or other terms of the lease agreement, upon return of the lock box key.

Section 1.8—REMOVAL FROM PROPERTY: Key boxes shall be removed when the property is reported pending or within 24 hours following the expiration of the listing. The key box must be returned to the office inventory.

Section 1.9—MLSs may, as a matter of local option, require placement of an MLS approved lock box on listed properties if any device giving access to real estate professionals and/or service providers is authorized by the seller and occupant and is placed on the property. The purpose of this requirement, if adopted by an MLS, is to ensure cooperating participants and subscribers have timely access to listed properties. Requiring that a lock box or other access device be “MLS-approved” does not limit the devices that satisfy the requirement to lock boxes leased or sold by an association or MLS. The MLS may require that the devices be submitted in advance for approval, and the access device may be any lock box or other access device that provides reasonable, timely access to listed property. The MLS also may revoke the approval and/or subject the participant to discipline if the device is used in a manner that fails to continue to satisfy this requirement.

Section 2—Lock Box Key Deposits (Policy Statement 7.32)

Any funds accepted by a member association or association MLS as deposits for lock box keys shall be retained by the association or its MLS in a separate account so that the funds will be available to be refunded to depositors upon return of the lock box key to the association or its MLS. The funds deposited are to be retained for this purpose only and are not to be utilized in any other manner. The separate fund may be an interest bearing account with the interest retained by the association or association MLS unless as a requirement of law, or at the discretion of the association or association MLS, such interest shall be paid to the depositors.

Statements of Multiple Listing Policy

- **Multiple Listing Policy Statement #7.75, Reporting Sales to the MLS, amended as follows:**

Sales of listed property, including sales prices, shall be reported promptly to the MLS by listing brokers. If negotiations were carried on directly between a cooperating participant and the seller, the cooperating broker shall report the accepted offer and price to the listing broker, and the listing broker shall report that information to the MLS. Listing agreements should also include provisions expressly granting the listing broker the right to authorize dissemination of sales price information by the MLS to its participants.

Note: In disclosure states, if the sale price of a listed property is recorded, the reporting of the sale price may be required by the MLS.

- **Multiple Listing Policy Statement #7.88, Removal of Listings when Participant Refuses/Fails to Timely Report Status Changes**

Notwithstanding the limitations established in the *Code of Ethics and Arbitration Manual* or in other National Association of REALTORS® policy, multiple listing services operated as committees of associations of REALTORS® or as separate, wholly-owned subsidiaries of one or more associations of REALTORS® are authorized to remove any listing from the MLS compilation of current listings where the participant has refused or failed to timely report status changes. Prior to the removal of any listing from the MLS, the participant shall be advised of the intended removal so the participant can advise his or her client(s). (Adopted 11/07)

- **Multiple Listing Policy Statement #7.89, Financial Penalty Not to Exceed \$15,000**

Notwithstanding the limitations established in the National Association of REALTORS® *Code of Ethics and Arbitration Manual* or in other National Association policy, multiple listing services operated as committees of associations of REALTORS® or as separate, wholly-owned subsidiaries of one or more associations of REALTORS® are authorized to impose financial penalties on participants or subscribers as discipline for violations of MLS rules or other MLS governance provisions not greater than fifteen thousand (\$15,000) dollars. (Adopted 11/07)

- **Multiple Listing Policy Statement #7.90, Real Estate Transaction Standards**

The integrity of data is a foundation to the orderly real estate market. The Real Estate Transaction Standards (RETS) provides a vendor neutral, secure approach to exchanging listing information between the broker and the MLS. In order to ensure that the goal of maintaining an orderly marketplace is maintained, and to further establish REALTOR® information as the trusted data source, MLS organizations owned and operated by associations of REALTORS® will comply with the RETS standards by June 2009, and keep current with the standard's new versions by implementing new releases of RETS within one (1) year from ratification. (Adopted 11/07)

- **Policy Statement #7.93, Submission of Photographs or Other Graphic Representations**

Multiple Listing Services may, as a matter of local discretion, require submission of a reasonable number of photographs or other graphic representations that accurately depict listed property except where sellers expressly direct that photographs of their property not appear in MLS compilations. (Adopted 5/10)

- **Multiple Listing Policy Statement #7.94 Submission of Legally Required Seller Disclosure information.**

Multiple Listing Services may, as a matter of local discretion, require submission of all legally-required seller disclosure information except where sellers expressly direct that such disclosure documents not be disseminated through MLS. (Adopted 5/10)

- **Policy Statement #7.95, Price Change Information**

MLSs are not required to track or report price change information other than the most recent increase or decrease in the price of current listings. If such information (either with respect to a current listing or to prior listings of that property) is tracked by an MLS and made available to participants and subscribers, neither it nor any information from which it may be determined shall be classified as confidential nor may participants be prohibited from making such information available to clients and customers pursuant to the same rules governing dissemination of other non-confidential data fields. Classification as non-confidential permits inclusion of such information in advertisements, including IDX display, of other participants' listings as a matter of local option.

- **Policy Statement #7.96, Days/Time on Market Information**

MLSs are not required to track or report days/time on market information (i.e., the length of time a property has been listed for sale pursuant to a current listing agreement or prior listing agreements, whether with the same or different listing brokers or firms). If such information is tracked by an MLS and made available to participants and subscribers, neither it nor any information from which it may be determined (such as the current list date, or prior list and expiration dates) shall be classified as confidential, nor may participants be prohibited from making such information available to clients or customers pursuant to the same rules governing dissemination of other non-confidential data fields. Classification as non-confidential permits inclusion of such information in advertisements, including IDX display, of other participants' listings as a matter of local option. (Adopted 5/10)

- **MLS Policy Statement 7.98, Electronic Display of Other Participant's Listings, was added as follows:**
MLSs may but are not required to give participants the ability to authorize electronic display of their listings by other participants outside the context of the Internet Data Exchange ("IDX") policy and rules and the Virtual Office Website ("VOW") policy and rules.

Participants may not be required to consent to display or distribution of their listings through non-IDX and non-VOW channels as a condition of participation in MLS or as a condition of participation in IDX. Electronic display and distribution pursuant to this policy contemplates, but is not limited to, Short Message Services ("SMS")/texting technologies, and interactive "social media". All electronic displays and/or distribution of other participants' listings conducted pursuant to this policy must comply with state law and regulations and applicable rules.

Displays addressed by this policy may be subject to technological limitations on disabling/discontinuing third-party comments/reviews, disabling/discontinuing automated displays of market value, "refreshing" displays on a periodic basis, and possibly other issues which should be taken into consideration when developing rules and policies governing such displays. (Adopted 11/12)

- **Section 5, MLS Disciplinary Guidelines, added to Enforcement of Rules Section**

Associations of REALTORS[®] and their multiple listing services have the responsibility of fostering awareness, understanding, and appreciation for the duties and responsibilities of MLS participants and subscribers, and of receiving and resolving complaints alleging violations of the rules and regulations. The REALTOR[®] organization is firmly committed to vigorous, fair, and uniform enforcement. Enforcement achieves a number of goals. Where participants or subscribers are wrongly or mistakenly charged with violations, the hearing process provides personal and professional vindication. Where violations are determined, enforcement process educates participants and subscribers about their duties

and obligations, and serves as a meaningful deterrent of future violations.

Allegations of conduct inconsistent with the rules are often viewed by respondents as threats to their professional and personal reputations. This can result not only in their mounting vigorous defenses but also, at times, to threats of legal challenge should a violation be determined and discipline imposed. Given that MLS participation can have significant economic value, associations and their MLSs need to strictly adhere to their established procedures when considering potential violations. This caution ensures that the rights of the parties will be observed, and legal exposure of associations and their MLSs will be minimized.

At the same time, well-founded caution should not be confused with reservation, reluctance, or hesitancy. Rules become aspirations at best, and potentially meaningless, if not enforced with vigor and determination.

Fundamental to fair and consistent enforcement is reasonable and judicious use of discipline, as both an educational device and as punishment. Associations and their MLSs have a wide variety of sanctions available to them that may be imposed for violations. These range from simple letters of warning to termination of MLS rights and privileges. Between these extremes are mandatory attendance at remedial education sessions, financial penalties, probation, and suspension.

The National Association does not recommend specific penalties for certain offenses or for violations of particular rules. This is in deference to the wisdom and autonomy of the hearing panel privy to the details of complaints coming before them; in recognition of the fact that no two complaints are identical; and in view of the facts that the details of each hearing, including the experience of respondents, their history of prior violations, and mitigating or extenuating circumstances, may all come into play in determining an appropriate penalty. At the same time, there are key points to be considered with respect to imposition of discipline.

- Discipline that can be imposed is strictly limited to those forms authorized in the National Association of REALTORS® Code of Ethics and Arbitration Manual and to any additional form authorized by the National Association’s Board of Directors.
- Discipline should be commensurate with the offense. Unintentional or inadvertent violations should result in penalties designed to educate respondents about the conduct expected of them. Only authorized forms of discipline may be utilized.
- Discipline should be progressive. The disciplinary emphasis on violations by new members or by long-standing members with no history of prior violations should be primarily educational. Repeated or subsequent violations should be addressed with more serious forms of discipline, including substantial fines, suspension, and termination of MLS rights and privileges.
- A gray area can exist with respect to “first time violations” that are clearly not the result of ignorance or mistake but rather demonstrate flagrant disregard for the rules. While the educational aspect of enforcement cannot be disregarded, the fact that the rules exist to protect clients and customers, the public, and to ensure effective, efficient functioning of the MLS, must also be considered in determining commensurate discipline.
- Mitigating or extenuating circumstances should be considered in determining appropriate discipline. The fact that a respondent recognizes or acknowledges inappropriate conduct or took steps to remediate or minimize harm or injury, should be considered in determining appropriate discipline.
- Respondent’s records of earlier violations or, conversely, the fact that they have not violated the rules in the past, can be considered in determining appropriate discipline. Hearing panels cannot consider past violations in deciding whether the conduct currently complained of violates the rules.

Crafting appropriately, meaningful discipline can challenge panels that have concluded the rules have been violated. This discussion is offered as guidance, rather than as a hard and fast template, to assist

panels in meeting their responsibility in ensuring the rules' viability and vitality through vigorous and evenhanded enforcement.

Progressive Discipline

Discipline imposed for violation of the rules should be progressive. The severity of discipline should increase incrementally for subsequent violations. The disciplinary emphasis where first time violations occur should be primarily educational. Repeated or subsequent violations should result in more serious forms of discipline being utilized, including substantial fines, suspension, and termination of MLS rights and privileges. At the same time, a gray area can exist where a first-time violation is not attributable to ignorance or oversight, but rather to blatant disregard for the rules. While the educational emphasis of enforcement cannot be disregarded, the fact the rules exist to protect clients and customers, the public, and to ensure the effective, efficient functioning of the MLS must be carefully considered in determining appropriate discipline.

Factors hearing panels should consider in determining appropriate discipline include, but are not necessarily limited to:

- The nature of the violation
- Harm caused by the violation. Was the violation a minor mistake causing little or no harm or, alternatively, was a client, customer, member of the public, or another participant harmed.
- Was the violation inadvertent or unintentional or, conversely, was it the result of knowing disregard for the obligations of MLS participants and subscribers?
- How much real estate experience did the violator have? Did he, or should he, have known better?
- Has the violator been found in violation of the rules previously? How often? How recently? Is the current violation related or similar to earlier violations?
- Are there mitigating or extenuating circumstances that should be considered in determining appropriate discipline?
- Did the violator acknowledge the violation? Did the violator express remorse or contrition?
- Are there other factors that ought to be considered? (Adopted 11/07)

During the 2010 Midyear Legislative Meetings and Trade Expo, the National Association's Board of Directors approved a new Statement of Multiple Listing Policy that reads as follows:

MLSs are not required to track or report days/time on market information (i.e. the length of time a property has been listed for sale pursuant to a current listing agreement or prior listing agreements, whether with the same or different listing brokers or firms). If such information is tracked by an MLS and made available to participants and subscribers, neither it nor any information from which it may be determined (such as the current list date, or prior list and expiration dates) shall be classified as confidential, nor may participants be prohibited from making such information available to clients or customers pursuant to the same rules governing dissemination of other non-confidential data fields. Classification as non-confidential does not authorize inclusion of such information in advertisements, including IDX display, of other participants' listings. (Adopted 6/10)