

**SOUTH BAY ASSOCIATION OF REALTORS®
MULTIPLE LISTING SERVICE**

**RULES
&
REGULATIONS**

Effective
January 16 2008

TABLE OF CONTENTS

1. AUTHORITY

2. PURPOSE

3. THE AOR/MLS COMMITTEES

4. PARTICIPATION AND AUTHORIZED ACCESS

- 4.1 Participant
 - 4.1.1 Broker Participant
 - 4.1.2 Appraiser Participant
 - 4.1.3 Redundant Participant Qualifications
- 4.2 Subscriber
 - 4.2.1 Real Estate Subscriber
 - 4.2.2 Appraiser Subscriber
 - 4.2.3 Redundant Subscriber Qualifications
- 4.3 Clerical Users
 - 4.2.1 Real Estate Subscriber
 - 4.2.2 Appraiser Subscriber
 - 4.2.3 Redundant Subscriber Qualifications
- 4.4 Registered Assistants
- 4.5 Notification of Licensees
- 4.6 Participation Not Transferable
- 4.7 Listing Broker Defined
- 4.8 Cooperating Broker or Selling Broker Defined
- 4.9 Appraiser Defined

5. MLS FEES AND CHARGES

- 5.1 Service Fees and Charges
 - 5.1.1 Initial Participation and/or Application Fee
 - 5.1.2 Recurring Participation Fee
 - 5.1.3 Listing Fee
 - 5.1.4 Publication Fees
 - 5.1.5 Computer Access Fees
 - 5.1.6 Certification of Nonuse
 - 5.1.7 Other Fees
- 5.2 Responsibility for Fees

6. REGIONAL AND RECIPROCAL AGREEMENTS

7. LISTING PROCEDURES

- 7.1 Listings Subject to Rules and Regulations of the MLS
- 7.2 Types of Listings; Responsibility for Classification
 - 7.2.1 Scope of Service: Limited Service Listings
 - 7.2.1 Scope of Service: MLS Entry-Only Listings
 - 7.2.3 Scope of Service: Legal Obligations
- 7.3 Types of Properties; Responsibility for Classification
- 7.4 Compliance with California and Federal Law

- 7.5 Mandatory Submission
- 7.6 Exempted Listings
- 7.7 Service Area
- 7.8 Change of Listing Information
- 7.9 Withdrawal of Listing Prior to Expiration
- 7.10 Contingencies
- 7.11 Detail on Listings Filed With the MLS
- 7.12 Unilateral Contractual Offer; Sub-agency Optional
- 7.13 Acceptance of Contractual Offer
- 7.14 Consent to Act as Dual Agent
- 7.15 Estate Sale, Probate, Bankruptcy, Auction, and Lender Approval Listings
 - 7.15.1 Estate Sale, Probate and Bankruptcy Listings
 - 7.15.2 Lender Approval Listings
 - 7.15.3 Auction Listings
- 7.16 Changes to Offer of Compensation to All Broker Participants
- 7.17 Broker Participant or Real Estate Subscriber as Principal
- 7.18 Multiple Unit Properties
- 7.19 Expiration, Extension, and Renewal of Listings
- 7.20 Listings of Participants or Subscribers Suspended, Expelled or Resigned
 - 7.20.1 Failure to Pay MLS Fees; Resignation
 - 7.20.2 Violation of MLS Rules
- 7.21 No Control of Commission Rates or Fees Charged by Participants
- 7.22 Dual or Variable Rate Commission Arrangements
- 7.23 Right of Listing Broker and Presentation of Counter Offers

8. DOCUMENTATION; PERMISSION; ACCURACY OF INFORMATION

- 8.1 Listing Agreement and Seller's Permission
- 8.2 Written Documentation
- 8.3 Accuracy of Information; Responsibility for Accuracy
- 8.4 Input Defined
- 8.5 Buyer, Seller, Purchase and Sale Defined

9. SELLING PROCEDURES

- 9.1 Showings and Negotiations
- 9.2 Disclosing the Existence of Offers
- 9.3 Availability to Show or Inspect
- 9.4 Presentation of Offers
- 9.5 Submission of Offers
- 9.6 Right of Cooperating Broker in Presentation of Offer
- 9.7 Change of Compensation Offer by Cooperating Broker
- 9.8 Cooperating Broker as a Purchaser

10. REPORTING SALES AND OTHER INFORMATION TO THE SERVICE

- 10.1 Statuses
- 10.2 Reporting of Sales
- 10.3 Reporting Cancellation of Pending Sale

11. OWNERSHIP OF MLS COMPILATIONS & COPYRIGHTS

- 11.1 MLS Compilation Defined
- 11.2 Active Listing MLS Compilation Defined
- 11.3 Comparable Data MLS Compilation Defined

- 11.4 Authority to Put Listings in MLS Compilation
- 11.5 Photographic Media on the MLS
- 11.6 Copyright Ownership
- 11.7 Leasing of MLS Compilations

12. PROHIBITIONS AND REQUIREMENTS

- 12.1 Notification of California Department of Real Estate (DRE) or California Office of Real Estate Appraiser (OREA) Action
- 12.2 Violations of the Law
- 12.3 Supervision of Licensees and Appraisers
- 12.4 Solicitation of Listing Filed with MLS
- 12.5 Misuse of Remarks and Media
- 12.6 "For Sale" Signs
- 12.7 "Sold" Signs and Use of the Term "Sold."
- 12.8 Advertising of Listing Filed With the MLS
- 12.9 Limitations on Use of Association or MLS Information in Advertising
- 12.10 False or Misleading Advertising and Representations
- 12.11 Use of MLS Information
- 12.12 Confidentiality of MLS Information
 - 12.12.1 Clerical Users
- 12.13 Access to Comparable and Statistical Information
- 12.14 Display
- 12.15 Reproduction
 - 12.15.1 Copies to Prospective Purchasers
 - 12.15.2 Information Reproduced
 - 12.15.3 Copies for Appraisals
 - 12.15.4 Downloading into Computers
 - 12.15.5 Sold Information
- 12.16 Use of Active Listing Information on Internet (IDX)
 - 12.16.1 Notice of Authorized Participants or Subscribers
 - 12.16.2 Right to Charge for a Download
- 12.17 Applicability of Rules to MLS or Association
- 12.18 Listing Broker's Right to Opt Out of Internet Advertising of MLS Information

13. LOCKBOXES

- 13.1 Eligibility for Lockboxes
- 13.2 Key Use and Service
- 13.3 Accountability
- 13.4 Deemed Unaccountable
- 13.5 Written Authority
- 13.6 Listing Broker's Permission
- 13.7 Unaccountable Keys
- 13.8 Rules Violations
- 13.9 Right to Limit Access

14. VIOLATIONS OF RULES AND REGULATIONS

- 14.1 Grounds for Disciplinary Action and Sanctions
- 14.2 Sanctions
- 14.3 Citations

15. PROCEDURES FOR MLS RULES HEARINGS

16. ARBITRATION

- 16.1 Mandatory Arbitration
- 16.2 Other Arbitration Agreements
- 16.3 Arbitration Between Association Members
- 16.4 Arbitration Involving Non-association Members
- 16.5 Same Firm
- 16.6 Timing

17. NONPAYMENT OF MLS FEES

- 17.1 Nonpayment of MLS Fees
- 17.2 Disputed Amounts
- 17.3 Reinstatement

18. CHANGES IN RULES AND REGULATIONS

19. REJECTION OF APPLICATION

SOUTH BAY ASSOCIATION OF REALTORS® MLS RULES & REGULATIONS

1. AUTHORITY

The South Bay Association of REALTORS® (“SBAOR”) may maintain a Multiple Listing Service (hereinafter referred to as "MLS") or other services for the use of licensed real estate brokers and salespersons, and licensed or certified appraisers under the terms of these rules as from time to time amended.

2. PURPOSE

A Multiple Listing Service is a means by which authorized MLS broker participants establish legal relationships with other participants by making a blanket unilateral contractual offer of compensation and cooperation to other broker participants; by which information is accumulated and disseminated to enable authorized participants to prepare appraisals, analyses, and other valuations of real property for bonafide clients and customers; by which participants engaging in real estate appraisal contribute to common databases; and is a facility for the orderly correlation and dissemination of listing information among the participants so that they may better serve their clients, customers and the public. Entitlement to compensation is determined by the cooperating broker’s performance as a procuring cause of the sale or lease.

3. THE AOR/MLS COMMITTEES

The AOR/MLS shall be governed by its board of directors (hereinafter “Board of Directors”) in accordance with its articles of incorporation and its bylaws. Committees may be established to perform such functions as may be delegated, but all actions of committees shall be subject to the approval and confirmation of the Board of Directors.

4. PARTICIPATION AND AUTHORIZED ACCESS

4.1 Participant. A participant is any individual who applies and is accepted by the MLS, meets and continues to meet all of the following requirements of either a broker participant or an appraiser participant as defined below in sections 4.1.1 and 4.1.2.

4.1.1 Broker Participant. A broker participant is a participant who meets all of the following requirements:

- a. The individual or corporation, for which the individual acts as a broker/officer, holds a valid California real estate broker's license;
- b. The individual is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal;
- c. The individual or corporation for which the individual acts as a broker/officer is capable of offering and accepting compensation in the capacity of a real estate broker;
- d. The individual has signed a written agreement to abide by the rules and regulations and data integrity standards of the service in force at that time and as from time to time amended;
- e. The individual pays all applicable MLS fees; and
- f. The individual has completed any required orientation program of no more than eight (8) classroom hours within ninety (90) days after access has been provided. Failure to

complete the required orientation shall result in termination of all MLS privileges unless extensions have been granted by the applicant's service center or AOR/MLS.

4.1.2 Appraiser Participant. An appraiser participant is a participant who meets all of the following requirements:

- a. The individual holds a valid California appraisers certification or license;
- b. The individual is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal;
- c. The individual has signed a written agreement to abide by the rules and regulations and data integrity standards of the service in force at that time and as from time to time amended;
- d. The individual pays all applicable MLS fees; and
- e. The individual has completed any required orientation program of no more than eight (8) classroom hours within ninety (90) days after access has been provided. Failure to complete the required orientation shall result in termination of all MLS privileges unless extensions have been granted by the applicant's service center or AOR/MLS.

4.1.3 Redundant Participant Qualifications. Participant type (broker or appraiser) must be selected during application for participation. A participant with both a California real estate broker's license and a California appraiser's certification or license must join as a broker participant in order to be a listing broker (see Section 4.5), cooperating broker or selling broker (see Section 4.6).

4.2 Subscriber. A subscriber is an individual who applies and is accepted by the AOR/MLS and meets and continues to meet all of the following requirements of either a R.E. subscriber or Appraiser subscriber as defined below in Sections 4.1.5 and 4.1.6.

4.2.1 Real Estate Subscriber. A real estate subscriber is a subscriber who meets all of the following requirements:

- a. The individual holds a valid California real estate salesperson's or broker's license;
- b. The individual is employed by or affiliated as an independent contractor with a broker participant;
- c. The individual has signed a written agreement to abide by the rules and regulations and data integrity standards of the service in force at that time and as from time to time amended;
- d. The individual pays all applicable MLS fees; and
- e. The individual has completed any required orientation program of no more than eight (8) classroom hours within ninety (90) days after access has been provided. Failure to complete the required orientation shall result in termination of all MLS privileges unless extensions have been granted by the applicant's service center or AOR/MLS.

4.2.2 Appraiser Subscriber. An appraiser subscriber is a subscriber who meets all of the following requirements:

- a. The individual holds a valid California real estate appraisers certification or license;
- b. The individual is employed by or affiliated as an independent contractor with an Appraiser Participant;
- c. The individual has signed a written agreement to abide by the rules and regulations and data integrity standards of the service in force at that time and as from time to time amended;
- d. The individual pays all applicable MLS fees; and
- e. The individual has completed any required orientation program of no more than eight (8)

classroom hours within ninety (90) days after access has been provided. Failure to complete the required orientation shall result in termination of all MLS privileges unless extensions have been granted by the applicant's service center or AOR/MLS.

4.2.3 Redundant Subscriber Qualifications. Subscriber type (real estate or appraiser) must correlate to the participant type. A subscriber who is both a California real estate licensee and a California certified or licensed appraiser must join as a real estate subscriber unless the employing or affiliated participant is an appraiser participant.

4.3 Clerical Users. Clerical users are individuals (whether licensed or unlicensed) under the direct supervision of an participant or subscriber that perform only administrative and clerical tasks that do not require a real estate license or an appraiser's certificate or license. Each participant and subscriber shall provide the AOR/MLS with a list of all clerical users employed by or affiliated as independent contractors with the participant or subscriber and shall immediately notify the AOR/MLS of any changes, additions or deletions from the list.

4.4 Registered Assistants. Individuals (whether licensed or unlicensed) that use the MLS for clerical tasks such as entering listings and/or searching the database and are under the direct supervision of a participant, subscriber or Appraiser, may be given access to the MLS by a unique and individual pass code. The assistant pass code will be directly linked to the Assistant's employer and will be terminated if said employer should become inactive in the MLS. An assistant must adhere to the following requirements:

4.4.1 The assistant fees will be up to date as set forth by the service center or AOR/MLS that their employer participates at;

4.4.2 The assistant will have signed a written agreement to abide by the rules and regulations of the service center or AOR/MLS and will be required to either attend MLS orientation or pass a standardized test administered by staff covering the service center or AOR/MLS rules and regulations;

4.4.3 The assistant will only relay MLS information to their employer and not a members of the public or other service center or AOR/MLS participants, subscribers or Appraisers (this does not prohibit licensed assistants from performing duties of a real estate licensee or appraiser licensee outside of the MLS as long as the duties performed do not involve data retrieved from the service center or AOR/MLS database);

4.4.4 The assistant may not be identified as an agent or contact person for a property listed with the service center or AOR/MLS;

4.4.5 Assistants may be eligible for lockbox access services, unless otherwise prohibited, and are prohibited from using any other participant, subscriber or Appraiser's access device.

4.5 Notification of Licensees. Each participant shall provide the AOR/MLS with a list of all real estate licensees or certified or licensed appraisers employed by or affiliated as independent contractors with such participant or with such participant's firm and shall immediately notify the AOR/MLS of any changes, additions or deletions from the list. This list shall include any licensees under any broker associate affiliated with the participant.

4.6 Participation Not Transferable. Participation in the MLS is on an individual basis and may not be transferred or sold to any corporation, firm or other individual. Any reimbursement of MLS fees is

a matter of negotiation between those transferring the business or determined by internal contract arrangement within the firm. However, providing the first participant consents, the AOR/MLS shall allow a firm to designate a different person as a participant within the firm without additional initial participation fees. The AOR/MLS may charge an administrative fee for this service of reassigning participants within a firm.

4.7 Listing Broker Defined. For purposes of these MLS rules, a listing broker is a Broker participant who is also a listing agent as defined in California Civil Code Section 1086 who has obtained a written listing agreement by which the Broker has been authorized to act as an agent to sell or lease the property or to find or obtain a buyer(s) or tenant(s). Whenever these rules refer to the listing broker, the term shall include the R.E. subscriber or a Licensee acting for the listing broker but shall not relieve the listing broker of responsibility for the act or rule specified.

4.8 Cooperating Broker or Selling Broker Defined. For purposes of these MLS rules, a cooperating broker or selling broker is a broker participant who is also a selling agent as defined in Civil Code Section 1086 who acts in cooperation with a listing broker to accept the offer of compensation and/or sub-agency to find or obtain a buyer or lessee. The cooperating broker or selling broker may be the agent of the buyer or, if sub-agency is offered and accepted, may be the agent of the seller. Whenever these rules refer to the cooperating broker or selling broker, the term shall include the real estate subscriber or licensee acting for the cooperating or selling broker but shall not relieve that broker participant of responsibility for the act or rule specified.

4.9 Appraiser Defined. For purposes of these MLS rules, an appraiser is an appraiser participant, appraiser subscriber, or a licensed or certified appraiser acting for the appraiser participant or appraiser subscriber. Whenever these rules refer to the appraiser, the term shall also include the appraiser subscriber or a licensed or certified appraiser employed by or affiliated as an independent contractor with the firm that employs the appraiser but shall not relieve that appraiser participant of responsibility for the act or rule specified.

5. MLS FEES AND CHARGES

5.1 Service Fees and Charges. The AOR/MLS Board of Directors shall establish a schedule of fees applicable to the MLS, which may include the following service fees and charges:

5.1.1 Initial Participation and/or Application Fee: Applicants for MLS services may be assessed an initial participation and/or application fee.

5.1.2 Recurring Participation Fee: The recurring participation fee of each broker participant shall be an amount times the total number of (1) the broker participant plus (2) the number of salespersons who have access to and use of the MLS, whether licensed as brokers or salespersons, who are employed by or affiliated as independent contractors with such participant or the participant's firm. If more than one principal broker in the same firm elects to be a participant, the number of salespersons in the firm will only be used once in calculating the recurring participation fees. A broker participant is not obligated to pay recurring participation fees or other MLS fees and charges for real estate licensees affiliated with the participant or the participant's firm if such licensees work out of a branch office of the participant or the participant's firm that does not participate in or otherwise use the MLS.

The recurring participation fee of each appraiser participant shall be an amount times the total number of (1) the appraiser participant plus (2) the number of appraisers who have access to and

use of the MLS, who are employed by or affiliated as independent contractors with such participant or the participant's firm. If more than one principal appraiser in the same firm elects to be a participant, the number of appraisers in the firm will only be used once in calculating the recurring participation fees. An appraiser participant is not obligated to pay recurring participation fees or other MLS fees and charges for licensed or certified appraisers affiliated with the participant or the participant's firm if such appraisers work out of a branch office of the participant or the participant's firm that does not participate in or otherwise use the MLS.

5.1.3 Listing Fee. A listing fee may be charged for each listing submitted to the AOR/MLS.

5.1.4 Publication Fees. The participant shall be responsible for publication fees for each MLS publication the participant wishes to lease. The participant may not obtain more MLS publications than the total number of subscribers affiliated with the participant, where applicable.

5.1.5 Computer Access Fees. The recurring computer access fee for each participant shall be an amount established and approved by the AOR/MLS Board of Directors equal to the total number of subscribers and salespersons licensed or certified as appraisers, brokers, or salespersons who are employed by or affiliated as independent contractors with such participant.

5.1.6 Certification of Nonuse. Participants may be relieved from payment under section 5.1.2 and 5.1.5 hereunder by certifying in writing to the AOR/MLS that a licensed or certified person in the office is engaged solely in activities that do not require a real estate license or certification (clerical, etc.), or that the real estate licensee or licensed or certified appraiser will not use the MLS or MLS compilation in any way. In the event a real estate licensee or appraiser is found in violation of the nonuse certification, the participant shall be subject to all MLS fees dating back to the date of the certification. The participant and subscriber may also be subject to any other sanction imposed for violation of MLS rules including, but not limited to, a citation and suspension or termination of participation rights and access to the service.

5.1.7 Other Fees. Other fees that are reasonably related to the operation of the MLS may be adopted.

5.2 Responsibility for Fees. In the event the AOR/MLS allows for direct billing or payment by a subscriber for MLS fees, such fees shall be the exclusive obligation of that subscriber regardless of whether such subscriber becomes affiliated with a different participant. If the AOR/MLS does not allow for direct billing or payment by a subscriber for MLS fees, such fees shall be the responsibility of the participant with whom the subscriber was affiliated with at the time the MLS fees were incurred. This section does not preclude in any way the ability of participants to pursue reimbursement of MLS fees from current or past subscribers or to establish agreements with subscribers regarding payment or reimbursement of MLS fees.

6. REGIONAL AND RECIPROCAL AGREEMENTS

The AOR/MLS Board of Directors may approve and enter into regional or reciprocal agreements with AORs or MLS corporations owned or governed solely by AORs or licensed real estate brokers to allow the other MLS participants and subscribers access to the MLS in exchange for comparable benefits to the participants and subscribers of this MLS. In the event of such agreements, the participants and subscribers agree to abide by the respective rules of the other MLSs receiving and publishing a listing pursuant to such agreements and to abide by such rules when accessing the other databases or datasets.

7. LISTING PROCEDURES

7.1 Listings Subject to Rules and Regulations of the MLS. Any listing filed with the MLS by a Broker participant or R.E. subscriber is subject to the rules of the MLS.

7.2 Types of Listings; Responsibility for Classification. The service shall accept exclusive right to sell, exclusive agency, open, and probate listings as defined in California Civil Code Section 1086 et. seq. that satisfy the requirements of these MLS rules. Exclusive right to sell listings that contain any exceptions whereby the owner need not pay a commission if the property is sold to particular individuals shall be classified for purposes of these rules as an exclusive right to sell listing but the listing broker shall notify all participants of the exceptions. It shall be the responsibility of the broker participant and real estate subscriber to properly classify the type of listing, and if necessary, obtain a legal opinion to determine the correct classification. By classifying the type of the listing, the listing broker certifies that the listing falls under the legal classification designated. The MLS shall have no affirmative responsibility to verify the listing type of any listing filed with the MLS. However, the MLS shall have the right to have legal counsel make a determination as to the classification of the listing type and if the listing broker does not reclassify it accordingly, the AOR/MLS shall have the right to reject or remove any such listing that it determines falsely represents the classification of listing type.

7.2.1 Scope of Service: Limited Service Listings. Limited Service listings are listings whereby the listing broker, pursuant to the listing agreement, will not provide one, or more, of the following services:

- a. Provide cooperating brokers with any additional information regarding the property not already displayed in the MLS but instead gives cooperating brokers authority to contact the seller(s) directly for further information;
- 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; or
- e. Participate on the seller(s) behalf in negotiations leading to the sale of the listed property.

Limited Service listings will be identified with an appropriate code or symbol (e.g. "LS") 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 broker's clients, prior to initiating efforts to show or sell the property.

7.2.2 Scope of Service: MLS Entry-Only Listings. MLS Entry-Only listings are listings whereby the listing broker, pursuant to the listing agreement, will not provide any of the following services:

- a. Provide cooperating brokers with any additional information regarding the property not already displayed in the MLS but instead gives cooperating brokers authority to contact the seller(s) directly for further information;

- 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; or
- e. Participate on the seller's(s') behalf in negotiations leading to the sale of the listed property.

MLS Entry-Only listings will be identified with an appropriate code or symbol (e.g. "EO") 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 broker's clients, prior to initiating efforts to show or sell the property.

7.2.3 Scope of Service: Legal Obligations. The scope of the service classifications set forth in these rules does not alter any obligations otherwise imposed on real estate licensees under California law, including Department of Real Estate regulations, statutory law and common law. The AOR/MLS's acceptance or publication of listings eligible for MLS submission in no way constitutes a validation that said obligations have been met.

7.3 Types of Properties; Responsibility for Classification. The MLS shall accept listings that satisfy the requirements of these rules on the types of property as defined in AOR/MLS data integrity standards.

It shall be the responsibility of the broker participant and real estate subscriber to properly classify the type of property listed, and if necessary, obtain a legal opinion to determine the correct classification. By classifying the type of property listed, the listing broker certifies that the listing falls under the classification designated. The AOR/MLS shall have no affirmative responsibility to verify the property type of any listing filed with the service. However, the AOR/MLS shall have the right to have legal counsel make a determination as to the classification of the property type and if the listing broker does not reclassify it accordingly, the AOR/MLS shall have the right to reject or remove any such listing that it determines falsely represents the classification of property type of the listing.

7.4 Compliance with California and Federal Law. Notwithstanding any other provision of these MLS rules and regulations to the contrary, the service shall accept any listing that it is required to accept under California or federal law.

7.5 Mandatory Submission. Broker participants shall input exclusive right to sell or exclusive agency listings on 1-4 unit residential property types, and vacant lots located within the service area of the MLS within 48 hours of the start date of the listing. Only those listings that are within the service area of the MLS must be input. Entry of open listings or listings of property located outside the MLS' service area (see Section 7.7) is not required by the MLS, but may be input at the Broker participant's option. If the listing is submitted, it is automatically subject to the AOR/MLS rules and data integrity standards.

7.6 Exempted Listings. If the seller refuses to permit the listing to be disseminated by the service, the listing broker shall, within 48 hours of the listing being taken, submit to the service a certification

(waiver) signed by the seller MLS a certification signed by the seller(s) that the seller(s) does not authorize the listing to be disseminated by the MLS.

7.7 Service Area. The AOR/MLS shall service the area common to the territorial jurisdiction of the AOR/MLS. At the discretion of the AOR/MLS, the service may adopt a policy to accept listings for properties located outside the territorial jurisdiction of the AOR/MLS. If the AOR/MLS has entered into regional MLS agreements or a regional MLS corporation with other MLS's and has enlarged the service area as part of the agreement or corporation, submission of the type of listings specified in the data integrity standards is mandatory for the area covered by the combined territorial jurisdictions of the Associations' signatories to the regional MLS agreement or part of the regional MLS corporation.

7.8 Change of Listing Information. Listing brokers shall input any change in listing information, including the listed price or other change in the original listing agreement, including all status changes, to the MLS within 48 hours after the authorized change is received by the listing broker. By inputting such changes to the MLS, the listing broker represents that the listing agreement has been modified in writing to reflect such change or that the listing broker has obtained other legally sufficient written authorization to make such change.

7.9 Withdrawal of Listing Prior to Expiration. Listings of property may be withdrawn from the MLS by the listing broker before the expiration date of the listing agreement provided the listing broker has received written permission from the seller(s) to withdraw the listing. The AOR/MLS may require the listing broker to provide a copy of such written permission. Sellers do not have the unilateral right to require the MLS to withdraw a listing without the listing broker's concurrence. However, the AOR/MLS reserves the right to remove a listing from the MLS database if the seller(s) can document that his or her listing agreement with the listing broker has been terminated or is invalid or for other legally sufficient reasons in the determination of the MLS.

7.10 Contingencies. Any contingency or condition of any term in a listing shall be specified and noticed to the participants.

7.11 Detail on Listings Filed With the MLS. Electronically input data or a property data form, when filed with the MLS by the listing broker, shall be complete in every detail including full gross listing price, listing expiration date, compensation offered to other broker participants and any other information required to be included as determined by the AOR/MLS Board of Directors. Listings that are incomplete shall be ineligible for publication in the MLS and subject to immediate removal. Property data forms may be returned if incomplete and if not completed and returned within 48 hours from the day the incomplete property data form was returned to the listing broker, the broker participant and real estate subscriber may be subject to penalties for failure to submit the completed property data form in a timely manner.

7.12 Unilateral Contractual Offer; Sub-Agency Optional. In filing a property with the AOR/MLS, the broker participant makes a blanket unilateral contractual offer of compensation to the other MLS broker participants for their services in selling the property. A broker participant must specify some compensation to be paid to either a buyer's agent or a subagent and the offer of compensation must be stated in one, or a combination of, the following forms (1) a percentage of the gross selling price; or (2) a definite dollar amount. The amount of compensation offered through the MLS may not contain any provision that varies the amount of compensation offered based upon conditions precedent or subsequent or on any performance, activity, or event. Furthermore, the AOR/MLS reserves the right to remove a listing from the database that does not conform to the requirements of this section. At the broker participant's option, a broker participant may limit his or her offer of compensation to buyer's agents only, to sub-agents only, or make the offer of compensation to both. Any such limitations must

be specified on the property data form and in the MLS. The amount of compensation offered to buyers' agents or sub-agents may be the same or different but must be clearly specified on the property data profile sheet. Broker participants wishing to offer sub-agency to the other MLS broker participants must so specify on the property data profile sheet and on the MLS, otherwise, the offer of compensation does not constitute an offer of sub-agency.

7.13 Acceptance of Contractual Offer. The broker participant's contractual offer (with or without sub-agency) is accepted by the participant/selling broker by procuring a buyer which ultimately results in the creation of a sales or lease contract. Payment of compensation by the participant/listing broker to the participant/cooperating broker under this section is contingent upon **either** (1) the final closing **or** (2) the participant/listing broker's receipt of monies resulting from the seller's or buyer's default of the underlying sales or lease contract. Notwithstanding this section, the listing broker and/or cooperating broker shall still retain any remedies they may have against either the buyer or seller due to a default under the terms of the purchase agreement, listing agreement or other specific contract. Any dispute between participants arising out of this section shall be arbitrated under Section 16 of these rules and shall not be considered a MLS rules violation.

7.14 Consent to Act as Dual Agent. By offering compensation and/or sub-agency to broker participants, the listing broker is not automatically representing that the seller has consented to the cooperating broker acting as a dual agent representing both the buyer and the seller. No cooperating broker shall act as both an agent of the buyer and the seller without first contacting the listing broker and ascertaining that the seller has consented to such dual agency.

7.15 Estate Sale, Probate, Bankruptcy, Auction, and Lender Approval Listings.

7.15.1 Estate Sale, Probate, and Bankruptcy Listings. Compensation offered through the MLS to cooperating brokers on estate sale, probate, or bankruptcy listings is for the amount published therein as long as the cooperating broker produces the contract which is ultimately successful and confirmed by the court, if court confirmation is required. In the event the contract produced by the cooperating broker is overbid in court and the overbid contract is confirmed, the original cooperating broker shall receive the amount of compensation specified as "unconfirmed cooperating broker's compensation" or "UCB" in the property data profile sheet and on the MLS. For estate sale or probate listings, the compensation offered through the service under these rules and this section shall be considered an agreement as referred to in California Probate Code Section 10165 and will therefore supersede any commission splits provided by statute when there is no agreement. This section contemplates that estate sale, probate and bankruptcy judges have broad discretion and therefore are not intended as a guarantee of a specific result as to commissions in every probate or bankruptcy sale.

7.15.2 Lender Approval Listings. Compensation offered through the MLS to cooperating brokers on listings which require lender approval (commonly referred to as "short sale" listings) is for the amount published therein unless the listing broker indicates on the MLS the following: (a) the fact that the sale and gross commission are subject to lender approval; and (b) the amount or method by which the compensation offered through the MLS will be reduced if the lender reduces the gross commission.

7.15.3 Auction Listings. Compensation offered through the MLS to cooperating brokers on listings which are offered by auction is for the amount published therein unless the listing broker indicates on the MLS that the sale and gross commission are based upon sales price. The listing price in the MLS shall be the reserve or minimum bid and "compensation to cooperating agent for a successful bid only" must appear in the Agent Remarks only. Auction listings shall have listing

contracts, as required by the AOR/MLS. The public remarks must contain the following statement “The list price is the reserve or minimum bid subject to the seller’s acceptance”.

7.16 Changes to Offer of Compensation By a Listing Broker to All Broker Participants. The listing broker may, from time to time, adjust the published compensation offered to all broker participants with respect to any listing by changing the compensation offered on the MLS or providing written notice to the AOR/MLS of the change. Any change in compensation will be effective after the change is published in the MLS, either through electronic transmission or printed form, whichever occurs first. The listing broker may revoke or modify the offer of compensation in advance as to any individual broker participant in accordance with general contract principles but in no event shall the listing broker revoke or modify the offer of compensation without the cooperating broker’s consent later than the time the cooperating broker (a) physically delivers or transmits by fax or e-mail to the listing broker a signed offer from a prospective buyer to purchase the property for which the compensation has been offered through the MLS, or (b) notifies the listing broker in person or by telephone, fax or e-mail that the cooperating broker is in possession of a signed offer from a prospective buyer to purchase the property for which the compensation has been offered through the MLS and is awaiting instructions from the listing broker as to the manner of presentation or delivery of that offer. Any independent advance revocations, modifications of the offer or agreements between real estate brokers are solely the responsibility of such brokers and shall not be submitted to, published by, or governed in any way by the service.

7.17 Broker Participant or Real Estate Subscriber as Principal. If a listing broker has any interest in property, the listing of which is to be disseminated through the service, that person shall disclose that interest on the MLS.

7.18 Multiple Unit Properties. All properties which are to be sold or which may be sold separately must be indicated individually in the MLS and will be published separately. When part of a listed property has been sold, the listing broker shall input the appropriate changes on the MLS within 48 hours.

7.19 Expiration, Extension, and Renewal of Listings. Listings shall be removed from the MLS database on the expiration date specified on the listing unless the listing is extended or renewed by the listing broker. The listing broker shall obtain written authorization from the seller(s) before filing any extension or renewal of a listing. Any renewals or extensions received after the expiration date of the original listing shall be treated as a new listing and will be subject to any fees applicable to new listings. The calculation of Days on Market (DOM) is based on the MLS number. The calculation of Cumulative Days on Market (CDOM) is based on APN until a change of ownership has occurred or the property is not available for sale and there has been no valid listing agreement for a period of more than 60 days. At any time and for any reason, the MLS has the right to request a copy of the seller’s(s’) written authorization to extend or renew a listing. If a listing broker is requested to provide a copy of such authorization and does not do so within forty-eight (48) hours of the request, the listing shall be subject to immediate removal from the MLS.

7.20 Listings of Participants or Subscribers Suspended, Expelled or Resigned.

7.20.1 Failure to Pay MLS Fees; Resignation. When a participant or subscriber is suspended or expelled from the service for failure to pay MLS fees or charges, or if the participant or subscriber resigns from the service, the AOR/MLS shall cease to provide services to such participant or subscriber, including continued inclusion of listings in the MLS compilation of current listing information. In the event listings are removed from the MLS pursuant to this

section, it shall be the sole responsibility of the participant to notify the seller(s) that the property is no longer listed in the MLS.

7.20.2 Violation of MLS Rules. When a participant or subscriber is suspended or expelled from the service for a violation of the MLS rules and regulations, the AOR/MLS shall cease to provide services to such participant or subscriber except that the listings in the MLS at the time of suspension or expulsion shall, at the suspended or expelled participant's option, be retained in the MLS compilation of current listing information until sold, withdrawn or expired, and shall not be renewed or extended by the AOR/MLS beyond the termination date of the listing agreement in effect when the expulsion became effective. In the event listings are removed from the MLS pursuant to this section, it shall be the responsibility of the participant to notify the seller(s) that the property is no longer listed in the MLS.

7.21 No Control of Commission Rates or Fees Charged by Participants. The MLS shall not fix, control, recommend, suggest, or maintain commission rates or fees for services to be rendered by participants. Further, the MLS shall not fix, control, recommend, suggest, or maintain the division of commissions or fees between cooperating participants or between participants and non-participants.

7.22 Dual or Variable Rate Commission Arrangements. The existence of a dual or variable commission arrangement shall be disclosed by the listing broker by a key, code or symbol as required by the MLS. A dual or variable rate commission arrangement is one in which the seller agrees to pay a specified commission if the property is sold by the listing broker without assistance and a different commission if the sale results through the efforts of a cooperating broker, or one in which the seller agrees to pay a specified commission if the property is sold by the listing broker either with or without the assistance of a cooperating broker and a different commission if the sale results through the efforts of a seller. 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 that results through the efforts of the seller. If the cooperating broker is representing a buyer or tenant, the cooperating broker must then disclose such information to his/her client before the client makes an offer to purchase or lease.

7.23 Right of Listing Broker and Presentation of Counter Offers. The listing broker has the right to participate in the presentation of any counter-offer made by the seller or lessor. The listing broker does not have the right to be present at any discussion or evaluation of a counter-offer by the purchaser or lessee (except where 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.

8. DOCUMENTATION; PERMISSION; ACCURACY OF INFORMATION

8.1 Listing Agreement and Seller's Permission. Prior to inputting a listing to the service, the listing broker shall obtain the written agreement of the seller expressly granting the listing broker authority to: (1) file the listing with the service for publication and dissemination to those authorized by the MLS; (2) act as an agent for the seller; (3) abide by the rules of the service; (4) provide timely notice of status changes of the listing to the service; (5) provide sales information including selling price to the service upon sale of the property for publication and dissemination to those authorized by the MLS and (6) publish sales information after the final closing of a sales transaction in accordance with these MLS rules (See Section 10.1).

8.2 Written Documentation. Listing brokers filing listings with the service shall have a written listing agreement with all necessary signatures in their possession. Only listings that create an agency

relationship between the seller and the broker participant are eligible for submission to the service. By inputting a listing to the service, broker participants and real estate subscribers represent that they have in their possession such written agreements establishing agency and the represented type of listing agreement. The service shall have the right to demand a copy of such written listing agreements and verify the listing's existence and adequacy at any time. The service shall also have the right to demand a copy of seller's written authorization required under these rules. If the broker participant or real estate subscriber fails to provide documentation requested by the service within 48 hours, the service shall have the right to immediately withdraw any listings from the data base in addition to disciplining the participant and subscriber for a violation of MLS rules.

8.3 Accuracy of Information; Responsibility for Accuracy. By inputting information into the MLS computer database, the listing broker represents that the information input is accurate to the best of the listing broker's knowledge. The listing broker shall use good faith efforts to determine the accuracy of the information and shall not submit or input information which the listing broker knows to be inaccurate. Upon receipt of the first publication or electronic transfer by the MLS of such information, the listing broker shall make all necessary corrections. The MLS merely publishes the MLS information and has no affirmative responsibility to verify the accuracy of the MLS information. The AOR/MLS, however, reserves the right to require participants and subscribers to change their MLS information if the AOR/MLS is made aware of alleged inaccuracies in the MLS information and the AOR/MLS determines that such inaccuracies do in fact exist. If a participant or subscriber fails to make necessary or required corrections to their MLS information, the participant and subscriber shall indemnify and hold harmless the AOR/MLS for any claims, cost, damage, or losses, including reasonable attorney fees and court costs, incurred by the MLS as a result of such failure. The AOR/MLS also reserves the right to remove information and listings from the database when it is clear that inaccurate data has been entered, in addition to disciplining the participant and subscriber for violations of the MLS rules. In no event will the AOR/MLS be liable to any participant, subscriber, or any other party for any indirect, special, or consequential damages arising out of any information published in the MLS, and all other damages shall be limited to an amount not to exceed the MLS fees paid by the listing broker.

8.4 Input Defined. All references or uses of the word "input" shall also include information which is submitted to the AOR/MLS for input in the MLS data base by the AOR/MLS staff, whether such information was provided on a "property data form" or otherwise.

8.5 Buyer, Seller, Purchase and Sale Defined. All references to the buyer shall also include lessee. All references to the seller shall also include lessor. All references to a purchase shall also include a lease. All references to a sale shall also include a lease.

9. SELLING PROCEDURES

9.1 Showings and Negotiations. Appointments for showings and negotiations with the seller for the purchase of listed property filed with the 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 with the seller, or

(b) After reasonable effort and no less than 24 hours, the cooperating broker cannot contact the listing broker or his representative. However, the listing broker, at his option, may preclude such direct negotiations by the cooperating broker by giving notice to all participants through the MLS. In the

event all showings and negotiations will be conducted solely by the seller, the listing broker shall clearly set forth such fact in the listing information published by the service.

9.2 Disclosing the Existence of Offers. In response to inquiries from buyers or cooperating brokers, the listing broker shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, the listing broker shall also disclose whether offers were obtained by the listing licensee, by another licensee in the listing firm, or by a cooperating broker.

9.3 Availability to Show or Inspect. Listing brokers shall not misrepresent the availability of access to show or inspect a listed property.

9.4 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. In the event a listing broker will not be participating in the presentation of offers, the listing broker shall clearly indicate this fact in the listing information published by the service.

9.5 Submission of Offers. The listing broker shall submit to the seller all offers until closing unless precluded by law, governmental rule or expressly instructed by the seller otherwise. The cooperating broker acting for a buyer/tenant shall submit to buyer/tenant all offers and counteroffers until acceptance.

9.6 Right of Cooperating Broker in Presentation of Offer. The cooperating broker has the right to participate in the presentation of any offer to purchase he secures. The cooperating broker does not have the right to be present at any discussion or evaluation of that offer by the seller and the listing broker. However, if the seller gives written instructions to the listing broker requesting that the cooperating broker not be present when an offer the cooperating broker secured is presented, the cooperating broker shall convey the offer to the listing broker for presentation. In such event, the cooperating broker shall have the right to receive a copy of the seller's written instructions from the listing broker. Nothing in this section diminishes or restricts the listing broker's right to control the establishment of appointments for offer presentations.

9.7 Change of Compensation Offer by Cooperating Broker. The cooperating broker shall not use the terms of an offer to purchase to attempt to modify the listing broker's offer of compensation nor make the submission of an executed offer to purchase contingent on the listing broker's agreement to modify the offer of compensation. However, failure of a cooperating broker to comply with this rule shall not relieve a listing broker of the obligation to submit all offers to the seller as required by Section 9.4.

9.8 Cooperating Broker as a Buyer. If a cooperating broker wishes to acquire an interest in property listed with a listing broker, such contemplated interest shall be disclosed to the listing broker prior to the time an offer to purchase is submitted to the listing broker.

Note: Nothing in these rules shall preclude a listing broker or a cooperating broker from entering into a mutual agreement to change cooperative compensation.

10. REPORTING SALES AND OTHER INFORMATION TO THE MLS

10.1 The following statuses shall apply to listings on the MLS.

Active Statuses.

Active (A): A valid listing contract exists for this property and no offer has been accepted. This is an on-market status.

Back-Up (B): Offer accepted, and either 1) the seller is requesting the property remain in an active status and is looking for back-up offers; or 2) the sale is subject to court or other third party approval (probate proceedings, conservatorships, etc., which may or may not involve overbid situations). This is an on-market status.

Contingent (C): Offer accepted, contingent on buyer's sale of another property or seller's purchase of an up-leg property. This status may NOT be used for standard inspection or financing contingencies. When the specific contingency is removed, the listing status must be changed to Pending. This is an on-market status.

Hold (H): A valid listing contract is in effect, however, because of various reasons such as repairs, illness, guests, etc., the Seller has requested that temporarily there be no showings. This is an On-Market status.

Off Market Statuses.

Pending (P): The Seller has accepted an offer and is not soliciting offers through the MLS. This is an Off-Market status.

Canceled (K): The listing agreement has been canceled. This is an Off-Market status.

Expired (X): The listing agreement has expired. The time frame of the existing listing contract has run out. This is an Off-Market status.

Withdrawn (W): The seller has requested that a listing be removed from the MLS, however, an active listing remains in effect on the property. This is an Off-Market status.

Sold (S): Escrow has closed. This is an Off-Market status

Leased (L): The property has been leased. This is an Off-Market status.

10.2 Reporting of Sales. Listings with accepted offers shall be reported to the MLS or input into the MLS database as "pending" or "back-up" within 48 hours of the acceptance by the listing broker unless the negotiations were carried on under Section 9.1 (a) or (b), in which case, the cooperating broker shall report to the MLS or input the listing in the MLS as "pending" or "back-up" and send a copy of the listing's changed status to the listing broker within 48 hours after acceptance. The listing shall be published on the MLS as pending with no price or terms prior to the final closing. Upon final closing, the listing broker shall report or input the listing in the MLS as "sold" within 48 hours of the final closing date. Listings which were not input into the MLS as a result of seller instructions may be input into the MLS "sold" data at the listing broker's option.

10.3 Reporting Cancellation of a Sale: The listing broker shall report the cancellation of any sale within 48 hours of cancellation and the listing shall be reinstated to an Active status, as long as there is still a valid listing.

11. OWNERSHIP OF MLS COMPILATIONS AND COPYRIGHTS

11.1 MLS Compilation Defined. The term "MLS compilation" includes, but is not limited to, the MLS computer database, all printouts of data from the MLS computer database, and all MLS publications.

11.2 Active Listing MLS Compilation Defined. "Active listing MLS compilation" shall mean that portion of the MLS compilation which includes listings currently for sale and all other indexes and other information relating to the current listing information.

11.3 Comparable Data MLS Compilation Defined. "Comparable data MLS compilation" shall mean that portion of the MLS compilation that includes the off market data, sold and appraisal information regarding properties that are not currently for sale and all indexes and information relating to the sold information compilation.

11.4 Authority to Put Listings in MLS Compilation. By submitting any property listing data form to the AOR/MLS or inputting listing information into the MLS compilation, participants and subscribers represent that they have been authorized to grant and also thereby do grant authority for the AOR/MLS to include the property listing data in its copyrighted MLS compilation. By submitting any property listing data form to the MLS, participants and subscribers represent that they have been authorized to report information about the sales, price and terms of a listing, have authority to grant and also thereby does grant authority for the AOR/MLS to include the sold information in its copyrighted MLS compilation.

11.5 Photographic Media on the MLS. By submitting photographs to the MLS which were taken by the participant and/or subscriber, the submitting participant and/or subscriber grants the MLS and the other participants and subscribers the right to reproduce and display the photographs in accordance with these rules. Use of photographic media by a subsequent listing agent requires prior written authorization from the originating participant and/or subscriber or other appropriate party. Photographic media may not contain other information which goes beyond a presentation of the property.

11.6 Copyright Ownership. All right, title, and interest in each copy of every MLS compilation created and copyrighted by the AOR/MLS, and in the copyrights therein, shall at all times remain vested in the AOR/MLS. The AOR/MLS shall have the right to license such compilations or portions thereof to any entity pursuant to terms agreed upon by the Board of Directors.

11.7 Leasing of MLS Compilations. Each participant shall be entitled to lease from the MLS the number of copies of each MLS compilation of active listing information to provide the participant and subscriber with one copy of such MLS compilation. Participants and subscribers shall acquire by such lease only the right to use the MLS compilations in accordance with these rules. Clerical users may have access to the information solely under the direction and supervision of the participant or subscriber. Clerical users may not provide any MLS compilation or information to persons other than the participant or the subscriber under whom the clerical user is registered.

12. PROHIBITIONS AND REQUIREMENTS

12.1 Notification of California Department of Real Estate (DRE) or California Office of Real Estate Appraisers (OREA) Action. Participants and subscribers are required to notify the MLS

within 24 hours of any final action taken by the DRE or the OREA against the participant, subscriber or any licensee affiliated with the participant or subscriber including, but not limited to any final decisions restricting, suspending or revoking a real estate license or appraiser's certification or license of a participant, the participant's firm or corporation under which the participant or subscriber acts, or any licensee affiliated with the participant or the participant's firm or licensee or appraiser who was affiliated with the participant or participant's firm at the time of the underlying act.

12.2 Violations of the Law. If a participant, subscriber, appraiser or a licensee affiliated with a participant or subscriber commits a felony or a crime involving moral turpitude or violates the Real Estate Law or the laws relating to appraisers, the participant and subscriber shall be in violation of this section. However, a participant or subscriber shall not be found to have violated this section unless the participant, subscriber, appraiser or salesperson licensed to the participant has been convicted, adjudged, or otherwise recorded as guilty by a final judgment of any court of competent jurisdiction of (1) a felony, or (2) a crime involving moral turpitude, or (3) on a determination by any court of competent jurisdiction, or official of the State of California authorized to make the determination, that the participant or subscriber violated a provision of the California Real Estate Law or a Regulation of the Real Estate Commissioner or law relating to appraisers.

12.3 Supervision of Licensees and Appraisers. In addition to the notification requirements of paragraph 12.1, a participant may not allow any licensee, under the participant's license, whose license has been revoked, suspended or restricted by the DRE to use the MLS in any manner while the DRE discipline is in effect except that the licensee may use the MLS under a restricted license providing such use is consistent with and does not violate such license restrictions.

12.4 Solicitation of Listing Filed With the MLS. Participants and subscribers shall not solicit a listing filed with the service unless such solicitation is consistent with Article 16 of the N.A.R. Code of Ethics, its Standards of Practice and its Case Interpretations. The purpose of this section is to encourage sellers to permit their properties to be filed with the service by protecting them from being solicited through unwanted phone calls, visits and communications, prior to expiration of the listing, by brokers and salespersons seeking the listing upon its expiration. This section is also intended to encourage brokers to participate in the service by assuring them that other participants and subscribers will not attempt to persuade the seller to breach the listing agreement or to interfere with the listing broker's attempts to market the property. This section does not preclude solicitation of listings under circumstances otherwise permitted under Article 16 of the N.A.R. Code of Ethics, its Standards of Practice and its Case Interpretations.

12.5 Misuse of Remarks and Media. Participants and subscribers may not use any remarks or other media fields in a property data profile sheet or listing submitted to the MLS or inputted directly into the MLS database for purposes of disparaging other real estate agents or conveying information about other offices or for conveying any other information that does not directly relate to the marketing of the listing.

12.6 "For Sale" Signs. Only the "For Sale" signs of the listing broker may be placed on the property.

12.7 "Sold" Signs and Use of the Term "Sold." Only broker participants or real estate subscribers who participated in the transaction as the listing broker or cooperating broker may claim to have "sold" the property. Prior to closing, a cooperating broker may post a "sold" sign on a property only with the consent of the listing broker. This section does not, however, prohibit any broker from advertising the addresses and prices of the properties that have sold in a neighborhood after the information regarding the properties has been published as long as the advertisement does not imply

the agent was involved in the transaction unless such is the case and as long as the advertisement otherwise presents a "true picture" as is meant under Article 12 of the N.A.R. Code of Ethics, its Standards of Practice and its Case Interpretations.

12.8 Advertising of Listing Filed With the MLS. A listing shall not be advertised by any participant or subscriber, other than the listing broker, without the prior consent of the listing broker except as provided in Section 12.16 relating to display of listings on the internet.

12.9 Limitations on Use of Association or MLS Information in Advertising. Except as provided in Sections 12.7, 12.8, 12.11 and 12.15, truthful use of information from the MLS compilation of current listing information, statistical reports, or from any "sold" or "comparable" report of the AOR/MLS for public mass media advertising by an MLS participant or subscriber or in other public representations for purposes of demonstrating market share is not prohibited. However, any print or non-print forms of advertising or other forms of public representations must clearly demonstrate the period of time over which such claims are based and must include the following, or substantially similar, notice in a type size not less than 9 point type:

“Based on information from the Association of REALTORS®/Multiple Listing Service as of [date the AOR/MLS data was obtained] and /or other sources. Display of MLS data is deemed reliable but is not guaranteed accurate by the MLS. The broker/agent providing the information contained herein may or may not have been the listing and/or selling agent.”

12.10 False or Misleading Advertising and Representations. Participants and subscribers may not engage in false or misleading advertising, including, but not limited to advertisements or representations regarding the participant's or subscriber's relationship to the service, about the service itself, or about any property listed with the service.

12.11 Use of MLS Information. In recognition that the purpose of the MLS is to market properties and offer compensation to other broker participants and real estate subscribers for the sole purpose of selling the property, and that sellers of properties filed with the service have not given permission to disseminate the information for any other purpose, participants and subscribers are expressly prohibited from using MLS information for any purpose other than to market property to bona fide prospective purchasers or to support market evaluations or appraisals as specifically allowed by Sections 12.14, 12.15 and 12.16. Any usage of MLS information inconsistent with these Sections is expressly prohibited. Nothing in this Section, however, shall limit the AOR from entering into licensing agreements with MLS participants and subscribers or other third parties for use of the MLS information.

12.12 Confidentiality of MLS Information. Any information provided by the service to the participants and subscribers shall be considered and treated as confidential by participants and subscribers and shall be for the exclusive use of the participants and subscribers for purposes described in Sections 2, 12.7, 12.11, 12.14, 12.15, 12.16 and this section. Participants and subscribers shall at all times maintain control over and responsibility for each copy of any MLS compilation leased to them by the AOR/MLS and shall not distribute any such copies to persons other than participants and subscribers. Participants and subscribers are responsible for the security of their pass codes and shall not give or allow use of or make available their pass codes to any person. Participants and subscribers may reproduce or display the information as provided in these rules.

12.12.1 Clerical Users. Clerical users may have access to MLS information solely under the direction and supervision of the participant or subscriber. Clerical users are expressly prohibited from displaying or distributing MLS information to anyone other than the participant or

subscriber under whom they are registered. Access by clerical users to the database is solely for clerical and administrative functions for the participant or subscriber under whom the clerical user is registered.

12.13 Access to Comparable and Statistical Information. AOR members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development, or building, but who do not participate in the service, 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 AOR members and individuals affiliated with AOR 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 specified in these rules and regulations.

12.14 Display. Subject to Sections 12.15 and 12.16, broker participants and real estate subscribers shall be permitted to display the MLS compilation in either electronic or printed format to specifically identified and bona fide 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. Broker participants and real estate subscribers shall be permitted to display the MLS compilation in either electronic or printed format to specifically identified and bona fide sellers or prospective sellers only in conjunction with their ordinary business activities in listing properties. Appraiser participants and appraiser subscribers shall be permitted to display the MLS compilation to the person requesting the appraisal only in conjunction with their ordinary business activities of producing a written appraisal. Such displays under this section shall be only in the immediate presence of the MLS participant or subscriber.

12.15 Reproduction. "Reproduction" shall include, but not be limited to, making photocopies, computer printouts, electronic transfers (including email), or downloading of MLS data or compilations. Participants and subscribers or their affiliated licensees shall not reproduce any MLS compilation or any portion thereof except as provided in Section 12.16 and in the following limited circumstances:

12.15.1 Copies to Prospective Purchasers. Broker participants and real estate subscribers may reproduce from the MLS compilation, and distribute to prospective real estate purchasers, copies of those portions of the MLS compilation consisting only of a description of the property, including the address, features, financing, and price, as well as photographic images and recordings of the property.

12.15.2 Information Reproduced. Unless the participant or subscriber obtains prior written consent from the listing broker, the information reproduced pursuant to this section shall not include the following:

- a) Property owner's name, phone number, and address (if different than the listed property);
- b) Instructions or remarks intended for cooperating brokers, including but not limited to showing instructions or security references (for example, lock box, burglar alarm, or security system codes, vacancies, etc.);
- c) Type of listing;
- d) Compensation or bonuses offered to cooperating brokers.
- e) Other information which goes beyond a description of the property.

12.15.3 Copies for Appraisals. Participants and subscribers may reproduce from the MLS compilation, and attach to an appraisal as supporting documentation copies of those portions of

the MLS compilation consisting only of such information on properties necessary to support a written appraisal or estimate of value on a particular property.

12.15.4 Downloading into Computers. Participants and subscribers may download MLS information into a computer or computer system as long as:

- a) Access to the computer or computer system receiving the information is strictly limited to authorized participants, subscribers and clerical users as defined in these rules; and
- b) The information is only retransmitted to the participants, subscribers and clerical users authorized to access the computer or computer system by these rules; and
- c) The information is not reformatted or used to create another product except as may be used by the participant who downloaded the data and such use strictly complies with sections 12.7, 12.11, 12.15 and 12.16.

12.15.5 Sold Information. Individuals legitimately in possession of current listing information, "sold" information, "comparables" or statistical information may utilize such information to support an estimate of value on a particular property for a particular client. However, only such information that the AOR/MLS 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.

12.16 Use of Active Listing Information on the Internet, also known as Internet Data Exchange (IDX). Internet Data Exchange is a means by which each participant subscribing to the program (IDX) permits the display of its active listings appearing in regional MLS's on each other IDX participant's internet website. The IDX database is the current aggregate compilation of all active listings of all IDX participants except those listings where the property seller has opted out of the internet publication by so indicating on the listing contract.

Participants and subscribers may download, display, or reproduce their own listing information on the Internet. An Internet Data Exchange (IDX) may republish all or a portion of the IDX database on the internet in accordance with the following provisions and in keeping with any policies that may be adopted from time to time. Unless expressly contravened by the provisions of this section, all other rules and regulations remain in full force and effect. The downloading of raw data will be through the participant only.

- a) Subject to paragraph (b) through (l) below, and notwithstanding anything in these rules and regulations to the contrary, participants and subscribers may display on their public websites aggregated MLS active listing information through either downloading and placing the data on the participant or subscriber's public access websites or by framing such information on the AOR/MLS public access website (if such a site is available).
- b) The listing brokers' consent for such internet display is presumed, in satisfaction of Rule 12.8, unless a listing broker affirmatively notifies the AOR/MLS that the listing broker refuses to permit display on either on a blanket or on a listing-by listing basis. Listing brokers that refuse to permit other MLS participants or subscribers to display their listing information on a blanket basis may not display MLS active listing information of other brokers' listings.
- c) Participants and subscribers shall not display confidential information fields, as determined by the MLS at the MLS's sole discretion, such as that information intended for cooperating brokers rather than consumers.
- d) All listings on a participant or subscriber's site displayed by framing or other electronic means, shall identify the name of the listing firm and the name of the listing agent in a manner designed to easily identify such listing firm or agent.

- e) Participants and subscribers shall not modify the information displayed pursuant to these MLS rules.
- f) Information displayed shall indicate the source of the information being displayed and the most recent date updated. Participants and subscribers shall update all downloads and refresh all data at least once every forty-eight (48) hours excluding weekends and holidays.
- g) Sharing of the MLS compilation with any third party not authorized by the AOR/MLS is prohibited. Participants and subscribers shall indicate on their websites that the information being provided is for consumers' personal, non-commercial use and may not be used for any purpose other than to identify prospective properties consumers may be interested in purchasing.
- h) Participants' and subscribers' websites must protect MLS data from misappropriation by employing reasonable efforts to monitor for and prevent "scraping" and other unauthorized accessing, reproduction, or use of the MLS data base.
- i) Listings or property addresses of sellers who have directed their listing brokers to withhold their listing or property address from display on the internet (including, but not limited to publicly-accessible websites) shall not be accessible via IDX sites. This does not preclude listing participants or subscribers from displaying on their IDX sites or their other website(s) the listing or property address of consenting sellers.
- j) Not all listings from the MLS must be displayed as long as any exclusions from display on participants' and subscribers' IDX sites are based on objective criteria, e.g., type of property, listed price, or geographical.
- k) No portion of the MLS database shall be distributed, provided to or made accessible to any person except as provided for in these rules and/or in the National Association of Realtors® IDX policy.
- l) When displaying listing content, a participant's or subscriber's website must clearly identify the name of the brokerage firm under which they operate in a readily visible color and typeface.

12.16.1 Notification of Authorized Participants or Subscribers. Participants and subscribers partaking in the display of MLS active and sold listing information of others brokers' listings pursuant to Section 12.16 must be authorized by the AOR/MLS before displaying said MLS active listing information and must make their website directly accessible to the MLS and other MLS participants for purposes of monitoring/ensuring compliance with applicable rules and policies.

12.16.2 Right to Charge for a Download. The AOR/MLS has the right to charge the costs of adding or enhancing its downloading capacity to participants or subscribers who request downloading of listing information pursuant to Section 12.16.

12.17 Applicability of Rules to MLS or Association. Nothing in these rules shall limit the right of the AOR/MLS to enter into licensing agreements with third parties for use of the MLS compilations or any portion thereof in accordance with terms approved by the Board of Directors.

12.18 Listing Broker's Right to Opt Out of Internet Advertising of MLS Information. If the AOR advertises MLS information on the internet or licenses MLS information for advertising on the internet, the listing broker shall have the right to opt out of such advertising in accordance with the MLS's procedures for opting out. The listing broker shall have the right to refuse to have listings displayed on a blanket basis or on a listing-by-listing basis in accordance with Section 12.16 by affirmatively notifying the MLS in accordance with the MLS procedures for opting out. Notwithstanding any thing in these rules and regulations to the contrary, the AOR/MLS Board of Directors reserves the right to determine whether to provide internet advertising services and whether such services are to be made available to non-Realtor® members.

13. LOCKBOXES

13.1 Eligibility for Lockboxes. MLS participants and subscribers are eligible for lockbox privileges if they otherwise qualify under this section. Clerical users are not eligible for lockbox privileges. MLS participants and subscribers shall be eligible to hold a lockbox key provided:

- a) The key holder signs a lease agreement with the key box provider.
- b) The participant to which the key holder is licensed co-signs the lease agreement with the key box provider.
- c) The key holder continues to comply with all AOR/MLS rules relating to lockbox keys.
- d) The key holder and participant to whom the key holder is licensed remain eligible for MLS services.

13.2 Key Use and Service. Keys may not be used under any circumstances by anyone other than the key holder, including, but not limited to, lending, borrowing, or sharing keys with others. The AOR/MLS is not obligated to provide service on keys or lock boxes to individuals who are not the registered lessee or owner of the component. The key shall only be used for the purpose of facilitating the sale/lease of a property.

13.3 Accountability. Key holders must account for keys upon request by the AOR/MLS. Key holders who cease to participate or subscribe to the MLS shall return all key(s) in their possession to the AOR/MLS.

13.4 Deemed Unaccountable. Keys shall be deemed unaccounted for if a key holder refuses or is unable to demonstrate that the key is within the key holder's physical control.

13.5 Written Authority. Participants and subscribers shall not place a lockbox on a property without written authority from the seller and occupant if other than the seller. A lockbox shall be removed from a listed property within 48 hours after the close of escrow or upon expiration/cancellation of the listing (unless written agreement to the contrary is obtained from all parties). Inclusion in MLS compilations cannot be required as a condition of placing lockboxes on listed property.

13.6 Listing Broker's Permission. No participant or subscriber may enter a property with or without a lockbox without the listing broker's permission. Such permission may be granted by the listing broker by specifying permission to use the lockbox through the MLS. Appraiser participants are expressly prohibited from using lockbox keys to enter a property without either the owner's or listing broker's permission.

13.7 Unaccountable Keys. Key holders and participants co-signing with a key holder shall immediately report lost, stolen or otherwise unaccountable keys to the AOR/MLS.

13.8 Rules Violations. Failure to abide by rules relating to lockboxes as set forth in this section or failure to abide by the key lease agreement may result in discipline as provided in sections 14 and 15 of these rules, in addition to loss of or restriction on all lockbox and key privileges.

13.9 Right to Limit Access. The AOR/MLS reserves the right to refuse to issue a key or limit access to lockboxes if, in its sole discretion, it determines the security of the system would be compromised by issuing such keys or granting access to lockboxes.

14. VIOLATIONS OF RULES AND REGULATIONS

14.1 Grounds for Disciplinary Action and Sanctions. After a hearing by a hearing panel as provided in the *California Code of Ethics and Arbitration Manual*, the Board of Directors may take disciplinary action and impose sanctions against any participant and subscriber:

- a) For violation of any MLS rule;
- b) On the participant's or subscriber's being convicted, adjudged, or otherwise recorded as guilty by a final judgment of any court of competent jurisdiction of (1) a felony, or (2) a crime involving moral turpitude, or (3) on a determination by any court of competent jurisdiction, or official of the State of California authorized to make the determination, that the participant or subscriber violated a provision of the California Real Estate Law or a Regulation of the Real Estate Commissioner or the laws relating to appraisers or a regulation of the OREA.
- c) For any violation of subsection (a) by any person, including but not limited to a clerical user or a salesperson, who is not a participant or subscriber but is employed by or affiliated with such participant or subscriber and was providing real estate related services within the scope of the participant's or subscriber's license. Lack of knowledge by the participant or subscriber of such salesperson's conduct shall only go to mitigation of discipline imposed.
- d) For any violation of the N.A.R. Code of Ethics while a member of any Association of REALTORS®.

14.2 Sanctions. Sanctions or disciplinary action for violation of an MLS Rule may consist of one or more of those specified in the *California Code of Ethics and Arbitration Manual*.

14.3 Citations. The AOR/MLS may implement a schedule of fines for certain MLS rules violations and direct staff to issue citations for the specified MLS rules violations and implement a procedure whereby the participant and subscriber receiving the citation may either pay the amount specified on the citation; or, if the violation is a first time offense (one in any 12 month period), attend a MLS training class and thereby have the fine waived; or, request a full hearing in accordance with the procedures set forth in paragraph 17.2 and the *California Code of Ethics and Arbitration Manual*.

15. PROCEDURES FOR MLS RULES HEARINGS

All MLS rules hearings shall be processed in accordance with the *California Code of Ethics and Arbitration Manual* as from time to time amended which is hereby incorporated by reference. Failure to abide by the procedures of the *California Code of Ethics and Arbitration Manual* shall be a violation of these MLS rules.

16. ARBITRATION

16.1 Mandatory Arbitration. By becoming and remaining a participant or subscriber in the MLS, each participant and subscriber agrees to submit disputes arising out of the real estate business which also arises out of, or is in conjunction with, any listing filed with the MLS or any appraisal, to binding arbitration with any other participant or subscriber of this MLS, or participants or subscribers of any other MLS who are authorized to have access to this MLS under Section 6 of these rules. Such arbitrations shall be governed by the *California Code of Ethics and Arbitration Manual* as from time to time amended which is hereby incorporated by reference. This shall be deemed an arbitration agreement within the meaning of Part 3, Title 9 of the California Code of Civil Procedure. Failure to submit to arbitration as provided herein shall be a violation of these MLS rules.

16.2 Other Arbitration Agreements. Notwithstanding any other provision of these rules, if any participant or subscriber enters into an agreement (either before or after a dispute arises) with another participant or subscriber to arbitrate a dispute utilizing non-Association facilities, such persons are not bound to arbitrate the dispute covered by such agreement under these rules utilizing AOR facilities.

16.3 Arbitration Between Association Members. Notwithstanding any other provision of these rules,

- a) If all disputants are members of the same Association of Realtors®, they shall arbitrate at that Association of Realtors® in accordance with its rules.
- b) If the disputants are members of different Associations of Realtors®, they shall arbitrate in accordance with any applicable regional or shared professional standards agreement. In the absence of such an agreement, the disputants remain obligated to arbitrate at the California Association of Realtors® ("CAR.") in accordance with the CAR Inter-board Arbitration Rules.

16.4. Arbitration Involving Non-association Members. Notwithstanding any other provision of these rules:

- a) If all disputants are non-association members and they receive MLS services through the same AOR, they shall arbitrate at the AOR unless the AOR participates in a regional MLS, in which case, they shall arbitrate in accordance with any applicable regional agreements between the AOR and the regional MLS.
- b) If one or more of the disputants are non-association members and all disputants receive MLS services through the same AOR, they shall arbitrate at the AOR unless the AOR participates in a regional MLS, in which case, they shall arbitrate in accordance with any applicable regional agreements between the AOR and the regional MLS.
- c) If one or more of the disputants are non-association members and the disputants receive MLS services through different AORs and the AORs participate in a regional MLS, they shall arbitrate in accordance with any applicable regional agreements between the AORs and the regional MLS.
- d) In the absence of a regional agreement regarding the location of the arbitration, any dispute under subsection (a)-(c) may be conducted at any AOR where the respondent(s) holds association membership or receives MLS services.

16.5 Same Firm. Arbitration between persons from the same firm shall not be available and is not mandated by these rules unless covered by arbitration rules relating to the obligations of Association members to arbitrate.

16.6 Timing. For purposes of this Section 16, the duty to arbitrate shall be determined when facts giving rise to the dispute occurred. Therefore, a participant or subscriber shall have a duty to arbitrate if the person was an MLS participant or subscriber when facts giving rise to the dispute occurred. Termination of MLS participation or subscription shall not relieve the arbitration duty under this section for disputes that arose when the person was an MLS participant or subscriber. Requests for arbitration must be filed within one hundred and eighty (180) days after the closing of the transaction, if any, or after the facts constituting the matter could have been known in the exercise of reasonable diligence, whichever is later.

17. NONPAYMENT OF MLS FEES

17.1 Nonpayment of MLS Fees. If MLS fees, fines, charges or other amounts owed the MLS are not paid within one month after the due date, the nonpaying participant and/or subscriber's MLS services

shall be subject to suspension until such outstanding amounts are paid in full. The MLS may suspend MLS services under this section provided the MLS gives the participant and/or subscriber at least twenty (20) calendar days prior notice of the proposed suspension date. Such notice may be included with the original billing statement for MLS fees, fines or charges or any time thereafter. In the event the amounts owed remain unpaid for three months after the due date, the nonpaying participant and/or subscriber's MLS services shall automatically terminate regardless if notice of such termination is given.

17.2 Disputed Amounts. If a participant and/or subscriber disputes the accuracy of amount owed, the participant and/or subscriber may request a hearing before the Board of Directors. In order to request such a hearing, the participant and/or subscriber must first pay the disputed amount in whole which may be refunded in whole or part in accordance with the Board of Directors' determination. Hearings under this section shall be conducted in accordance with the *California Code of Ethics and Arbitration Manual*. In the event the Board of Directors confirms the accuracy of the amount owed, the participant and/or subscriber shall also be subject to paying interest at the rate of ten (10%) per annum on such past due amounts.

17.3 Reinstatement. Any participant and/or subscriber whose MLS services have been terminated for nonpayment of MLS fees may reapply for participation in the MLS. However, prior to being granted access, such participant and/or subscriber must pay all fees applicable to new applicants and all past due amounts owed, including paying interest at the rate of ten (10%) per annum on such past due amounts.

18. CHANGES IN RULES AND REGULATIONS

The rules and regulations of the MLS may be amended by a two-thirds vote of the Board of Directors. Any changes to these rules and regulations which are mandated by the National Association of Realtors® shall automatically be incorporated into these rules and regulations and do not require Board of Directors approval.

19. REJECTION OF APPLICATION

In the event an application for participation in the MLS, whether as a licensee or as a clerical support, is rejected by the Association, the applicant, and his or her broker, if any, will be promptly notified in writing of the reason for the rejection. The broker shall have the right to respond in writing, and to request a hearing before a panel selected from the Board of Directors. The hearing will be held in accordance with rules adopted from time to time by the Board of Directors, which will make provision for adequate notice of the time and place of the hearing and shall provide that the parties involved shall have the right to appear and present evidence, both oral and written, and be represented by legal counsel.

**SOUTH BAY ASSOCIATION OF REALTORS®
MULTIPLE LISTING SERVICE**

DATA INTEGRITY STANDARDS

February 4th, 2008

DATA INTEGRITY STANDARDS

These data integrity standards are to be considered common “Dos and Don’ts” to help you implement MLS listing accuracy and to avoid potential MLS violations. It is your obligation to PRESERVE THE MOST VALUABLE ASSET OF YOUR MLS....DATA ACCURACY!!

I. OVERVIEW

Recognizing the importance of accurate data to the success of our business, the SBAOR/MLS **will issue citations and/or fines for MLS data inaccuracies or misuse** in the following areas which include, but are not limited to:

ACCURACY OF INFORMATION

- Active listing without valid listing agreement
- Duplicate listing by the same agent
- No compensation offered (except on open listings)
- Property
- Listed by a non-MLS member
- Wrong property type classification
- Wrong bedrooms/baths
- Wrong or invalid APN
- Wrong city
- Wrong zip code
- Wrong or incomplete address
- Wrong area number
- Wrong tract code
- Wrong Thomas Guide number
- Inaccurate selling information
- Inaccurate status
- Listing information incomplete or not kept current
- Using a data field for other than its intended use
- Including agent contact information in public remarks or photographic media
- Failure to identify/disclose when listing agent/broker is a principal to the transaction

LATE REPORTING

- Late entry of a new listing (>48 hours)
- Late entry of a listing in escrow (>48 hours)
- Late sale reporting (>48 hours)

REMARKS AND GRAPHICS

- Lockbox/gate/security code or vacant in public remarks
- Incorrect or restricted entries in remarks

- Incorrect information in “Listing Price Excludes” field
- Discriminatory compensation language
- Input of discriminatory or other offensive language

ACCURACY OF INFORMATION

- Use of photographic media without proper authorization
- Failure to include a minimum of one photograph/rendering of the property within 10 days of listing a property
- Entering any phone numbers, website addresses, or other contact information in public remarks fields
- Entering open house detail in public remarks fields

II. REGULATORY ISSUES

The success of the MLS depends upon the timely reporting of information so that all of the cooperating subscribers may benefit from the data found in the system. Your local association of Realtors®/MLS has established rules and regulations that govern the time frame in which you are to enter listing information and changes into the MLS system. If you do not adhere to these timeframes, you are in violation of the MLS rules.

- **New Listing:** Do NOT add a new listing to the MLS if you do not have a valid listing agreement signed by ALL parties.
- **Listing Exclusion:** It is acceptable to withhold a listing from the MLS with a signed exclusion (waiver) from the seller delivered to the association/MLS offices within 48 hours of acquiring the listing.
- **Adding a Listing:** A listing must be entered into the system within 48 hours of acquiring the listing.
- **Status Changes:** All listing status changes must be entered within 48 hours of the change.
- **Sold Listings:** All listings must be entered as sold and closed within 48 hours of the actual closing.

Failure to comply to the prescribed time frames (48 hours) may cause the participant/subscriber to be subject to disciplinary action, including fines as per Section 17 of the MLS Rules and Regulations. See Appendix B for violation fine schedule.

III. DATA INTEGRITY ISSUES

- **Address**
Each component of the address should be entered completely, correctly and in the proper field – Street Number, Direction, Street Name, Street Type, Unit Number, etc., as applicable.
- **Area Number**
The Area Number provides for further geographical breakdown of a property’s location. The

area number input for a listing must accurately reflect the location of the property. When adding a listing, the MLS will limit you to a valid set of area numbers.

- **Assessor's Parcel Number**

The APN is very important. Not only is it needed to link to the tax database to locate tax, assessment, and sales information, it is also used to link listings within our history database.

Every listing must be entered with the correct APN, as assigned by the County Assessor's Office. THE MLS system contains assessor files for all of our MLS areas, plus those immediately adjacent to our areas, from which the APN can be derived. You can also auto-populate the APN and associated fields directly from these files. If you cannot determine the APN for your listing, call the MLS coordinator/Help Line at the association/MLS for assistance.

New construction properties for which an APN has not yet been assigned by the assessor may be handled in two ways: 1) Input a "dummy" APN of all 9's in the format corresponding to the applicable county. This is the ONLY time a "dummy" APN may be entered; 2) Input the previous APN of the land upon which the property is being built. In either case, when the APN is assigned by the assessor's office, it must be immediately entered into the MLS.

For example:

- 1) DO NOT enter the APN from another property.
- 2) DO NOT enter a partial APN
- 3) DO NOT enter a dummy or fake APN, except as noted above for new construction.

- **Auction Listings**

Compensation offered through the MLS to cooperating brokers on listings which are offered by auction is for the amount published therein unless the listing broker indicates in the MLS that the sale and gross commission are based upon sales price. The listing price in the MLS shall be the reserve or minimum bid and state "*compensation to cooperating agent for successful bid only*" in the agent/private remarks. Auction listings shall have listing contracts, as required by the AOR/MLS, including terms and conditions of auction provided to the MLS. The public remarks must contain the following statement: "*The list price is the reserve or minimum bid subject to the seller's acceptance.*"

- **City**

The city used in our MLS reflects the city in which the property is found. The city that you enter in your listing must accurately reflect the location of the property: enter either the city in which the property is found or, in some cases, the postal address of the city. If you auto-populate from the tax data, double check to make sure the correct city was entered. If not, change it at the time you enter the listing.

For example:

- 1) DO NOT enter another city just because it might make the property seem more appealing
- 2) If a property is in an unincorporated area or is in one of those specific areas where the postal address differs from the actual city the property is in (e.g., the Hollywood Riviera), input the postal address in the City field, but clearly disclose the actual city in the property description.

- **Compensation/Commission Detail**

Compensation fields, as well as Agent Notes/Remarks must be used to accurately detail the compensation offered through the MLS, and any special circumstances. The Selling Office

Compensation is a required entry and must indicate either a percentage of selling price or a fixed dollar amount. Additionally, specific detail as related to estate sales, probate listings, auction sales, sales requiring lender approval of commission paid, or other special circumstances must be entered in the Agent Notes/Remarks.

- 1) A commission MUST be entered for ALL listings except for Open listings, as authorized by California Civil Code.
- 2) Dual or variable rate commission arrangements must be identified using the applicable field.
- 3) The offer of compensation as entered into the MLS must be honored by the listing broker/agent. Changes to the commission offered are not enforceable if entered after the receipt of an offer for the listed property unless agreed to by the cooperating broker.
- 4) A purchase contract may not be used by a selling agent to modify the compensation offered through the MLS.
- 5) MLS-Only listings must be designated as such using the Commission Detail field.
- 6) Limited Service listings must be designated in the applicable field(s) advising the service participants and subscribers of the limits of said service or to contact the listing agent for details.
- 7) The compensation offered on net listings must be fully explained in the Agent Notes/Remarks field.

- **Conditional/Discriminatory Compensation Language**

The content in any of the remarks fields may not contain discriminatory language regarding the payment of commission. For example, the following are not acceptable remarks: "If {listing brokerage) agent shows property first to a buyer, the selling agent will not receive a commission." Or, "No compensation paid to XYZ brokerage." Or, "If (listing brokerage) agent shows property first to a buyer, total selling office commission will be reduced to X%." Procuring cause cannot be determined nor controlled via the compensation field.

- **Duplicate Listings**

There should only be **ONE** active record in the MLS for each **PROPERTY TYPE** that is for sale. Duplicate listings are misleading, skew the statistics, and make Comparative Market Analyses (CMAs) cumbersome and often incorrect.

However, if a property has a structure on it but is being marketed as land value, it may be placed in both the Land/Lot and other applicable property type/category (i.e., residential and Land/Lot, Commercial and Land/Lot, etc.). A property that has a non-conforming or illegal rental may also be listed in both Residential and Residential Income categories. In both cases, the condition that makes it appear in the secondary category must be disclosed on **BOTH** listings.

For example:

- 1) DO NOT enter a listing twice to reflect different cities
- 2) DO NOT enter a listing twice to reflect a different number of bedrooms
- 3) DO NOT enter a listing twice to gain additional exposure as another "new" listing
- 4) DO NOT enter a listing twice if you've obtained an extension on your listing.

- **Internet Data Exchange (IDX) – Use of Active Information on the Internet**

- 1) In order to be an IDX, a participant must be actively engaged in providing real estate brokerage services to buyers or sellers in residential real estate transactions.
- 2) If required by the AOR/MLS, all listings shall display the MLS approved icon except the listings

- belonging to the participant/subscriber who owns the website.
- 3) Branding and/or contact information may only be displayed on listings belonging to the participant/subscriber who owns and/or operates the website.
 - 4) A thumbnail display may only include the following: text data about the listed property, a photo of the listed property, the logo of the participant/subscriber who owns and operates the website or MLS approved icon, and buttons providing links for other information.
 - 5) A detailed display of another participant/subscriber's listing may not include any contact information or branding of the participant who owns the website or any of its agents within the "body" of the listing data. The "body" of the listing is defined as the rectangular space whose borders are defined by the utmost expanse in each direction of the listing text and photo data.
 - 6) Any search result identifying another participant/subscriber's listing shall include the disclaimer "Information Deemed Reliable but Not Guaranteed."
 - 7) Any IDX website or any portion thereof must be controlled by a participant/subscriber and advertised as that participant/subscriber's IDX website.
 - 8) A participant/subscriber must make changes to an IDX website necessary to cure a violation of the AOR/MLS rules within five business days of notice from the AOR/MLS.
 - 9) When applicable, participants may co-mingle IDX data on their websites, from MLS's of which they are participants. Non-MLS listings shall not be co-mingled.
 - 10) Any IDX website must be under the control of a participant/subscriber who owns and/or operates the website.
 - 11) No portion of the IDX data shall be used, distributed, or provided by a participant for any purpose other than the listing and selling of real estate by participants.
 - 12) The right to display other participants' listings pursuant to IDX shall be limited to a participant's office(s) holding 100% participatory rights in one of the MLS's participating in the Southern California MLS Alliance/CARETS.
 - 13) The AOR/MLS may terminate the raw data feed without notice if not used within 14 business days.

- **Images in MLS Listings**

A minimum of one photograph/rendering of a property must be entered to the MLS within 10 days of submission of the listing to the MLS. Images uploaded to the system are meant to be representative of the listing and its surroundings - that is, pictures of the property, floor plans, maps (as long as they are not copyrighted), the surrounding neighborhood, parks, schools, etc.

Images **MUST NOT** include any of the following:

- 1) Agent or broker names
- 2) Agent or broker photos
- 3) Phone numbers
- 4) Website addresses
- 5) E-mail addresses
- 6) Any billboards, open house signs, special promotion signs, etc., in photos of the property
- 7) Any advertising or marketing pieces, etc.
- 8) Messages or solicitation of any kind
- 9) Offensive content (the definition of offensive shall be up to the discretion of the AOR/MLS)
- 10) Photo branding to place agent name, logo, or other identifying information over the photo
- 11) Photos of people, animals, or other items not directly related to the property.

- **Listings by non-MLS Members**

No listing may be added to the system unless each broker and each agent associated with the listing are members of the MLS. A listing cannot be entered under another agent/broker's ID and

have a non-MLS member referenced as the listing agent and primary contact in the Agent Notes/Remarks. Also, an assistant cannot be a co-lister or referenced as the primary contact in the Agent Notes/Remarks. Once an assistant starts listing property, they must become an MLS member.

- **Property Already Listed by another Agent/Broker**

There should only be one listing per property type in the system. If another agent already has a valid contract to sell a piece of property, you must not enter a listing for that same property. If you have a valid contract to list a property, the original broker/agent should have removed their listing from the system (expired or canceled). If the original broker/agent has not removed their listing, a professional standards situation exists that needs to be worked out broker-to-broker, or through the grievance process at your Association(s).

- **Property Characteristics**

Any field which describes the characteristics of the property being listed must be accurate. For example, the entries you make in the bedrooms and baths fields must accurately reflect the correct number of bedrooms and total bathrooms found on the property as well as the correct breakdown of bathrooms. **DO NOT** inflate these numbers to make the property seem like a better deal.

- **Range Pricing (If Applicable)**

If a listing is specified as a Range Price Listing the Listing Agent or Broker must enter a valid range for the list price of that listing. In all cases, the default "List Price" shall be the high end of the range and the low end of the range can be no less than 85% of this price, unless approved ranges have been filed with the California Department of Real Estate, in which case the filed ranges shall be used.

- **Selling Information**

When reporting a listing as in escrow or "Sold", you are required to enter the accompanying information (e.g., Selling Agent, Selling Office, Sales Price, Close of Escrow Date, etc.). The sales information is critical for the accurate reporting of sales statistics as well as accurate Comparative Market Analyses (CMA's).

- **Status**

The Status of your listing should correctly reflect the current status of that listing.

- 1) **DO NOT** leave a listing in Active status if it is off market or back-up offers are being taken.
- 2) **DO NOT** leave a listing in Active status and in remarks state it is off the market or back-up offers are being taken.
- 3) **DO NOT** use "Back Up" status when waiting for escrow to close. "Back Up" status is to be used only backup offer(s) are being solicited.
- 4) If an escrow closes early, the property must be reported as sold with the correct closing date.
- 5) A property may not be canceled without signed instructions from the seller to do so.

- **Text Comments**

The MLS has several areas for text comments for public and private information:

PUBLIC INFORMATION

- 1) Marketing Remarks – This area should only be used to describe the property’s physical and aesthetic characteristics, the things that might make a buyer want to look more closely at the property, any terms of the sale/lease, or legally required information.
- 2) Directions to Property – This field is intended to help a property be found.

PRIVATE INFORMATION

- 1) Agent-Only Remarks – This is a “confidential” area for agent-to-agent communications that is, the kinds of things members might communicate to one another, but not to the public.
- 2) Showing Instructions - These are intended only for other agents
- 3) Commission/Commission on Probate Sales - See Section 7.15.1
The following disclaimer must be displayed in the Private Remarks for Probate Sales:
“The commission to Selling Office is subject to change in accordance with court ruling.”

ALL text fields must be entered in the English language **ONLY**.

The following standards **MUST** be adhered to in all **PUBLIC** text comments:

- 1) **DO NOT** put gate codes, lockbox combinations or security codes in public remarks.
- 2) **DO NOT** put For Sale by Owner (FSBO) in public remarks. If the listing is legally in the MLS, it cannot be a FSBO.
- 3) **DO NOT** put the word “vacant” in public remarks. We have a separate field for that.
- 4) **DO NOT** put E-Mail addresses in public remarks.
- 5) **DO NOT** put internet website addresses in public remarks.
- 6) **DO NOT** put phone numbers in public remarks.
- 7) **DO NOT** put agent, assistant, co-lister or owner names in the public remarks.
- 8) **DO NOT** remove any public remarks when changing a listing from active to an off market status.
- 9) **DO NOT** put language in the public remarks that violates any Fair Housing/HUD guidelines for improper or discriminatory language in advertising.
- 10) **DO NOT** put Open House information in the public remarks.
- 11) The Directions field may only contain location information intended to assist finding a property.
- 12) The List Price Excludes field may only contain specific detail regarding items not included in the property as offered for sale such as fixtures, appliances, etc. No other information may be entered in this field whatsoever.
- 13) **DO NOT** put title, escrow or other service instructions in the public remarks. Title, escrow, or other service information may be entered in private remarks, however, any verbiage that implies a requirement to use a specific title, escrow or service provider may be a violation of RESPA.

The following standards **MUST** be adhered to in all **PRIVATE** text comments:

- 1) **DO NOT** disseminate Agent Remarks/Showing Instructions to the public.
- 2) **DO NOT** distribute Agent Reports or displays to non-licensees at any time.
- 3) Place showing instructions, open house information, commission information, special contract provisions, etc. in the appropriate private remarks field.
- 4) Listing broker/agent contact information such as telephone and fax numbers, email/website addresses, etc. may only be included in the Agent Remarks field.

The content of ANY of the remarks fields (agent, financial, property description, etc.), cannot contain discriminatory language regarding the payment of compensation. For example, do not include any of the following: "If [Listing Brokerage] agent shows property first to your buyer, there will not be a commission paid to you" or "No compensation paid to XYZ Brokerage" or "If [Listing Brokerage] agent shows property first your total office compensation is Y%". Procuring cause cannot be determined nor controlled via the compensation field.

- **Thomas Brothers Guide Number**

Many people search by the Thomas Guide number to narrow down their searches to a particular geographic area. The TG # that you enter in your listing should accurately reflect the correct location for the property. If you auto-populate from the tax data, check to make sure the correct TG # was entered. If not, correct it.

- **Virtual Tour and Virtual Media Links**

Virtual tours and links to virtual media must not contain promotional pieces on the agent or broker. They should be limited to descriptive information on the property and surrounding areas, neighborhoods, parks, schools, etc.

Virtual tour links must be property-specific. They may not simply be links to an agent or other website, even if a virtual tour resides on that website. Further, a virtual tour link must be "sanitized" so as not to identify the listing agent/broker.

Images & VT Links may NOT include such things as:

- 1) Advertising, marketing pieces, etc. (other than those specifically addressing the property)
- 2) Messages or solicitations of any kind.

- **Withholding a Listing from the Internet**

DO NOT withhold your listings from the internet unless you have a signed acknowledgement from the owner, that they understand their property will not be marketed through this medium and that is their choice. It is only acceptable to withhold a listing from the MLS with a signed authorization from the seller delivered to the Association of Realtors®/MLS offices.

- **Wrong Property Type**

Enter each listing in the correct property type. For example, do not include Land or Mobile Homes under the "Residential" property type. The property type entered must reflect the actual or

potential use for the property. Also, enter the property subtype correctly, **DO NOT** place a Condominium in the system as a Single Family Residence.

- **Zip Code**

The ZIP Code that you place in your listing must accurately reflect the postal zip code associated with the property. If you auto-populate from the tax data you should double check to make sure the correct ZIP Code was entered. If not, change it. **DO NOT** enter a dummy, inaccurate or fake zip code.

Zip codes can be easily determined by looking up a property's address in the USPS database at:
<http://www.usps.com/zip4/>

Appendix A: MLS Area List

| | | | |
|----------|-----------------------------------|----------|-------------------------------|
| Area 101 | North Inglewood | Area 148 | Hermosa Bch Sand |
| Area 102 | South Inglewood | Area 149 | Hermosa Bch Valley |
| Area 103 | Ladera Heights | Area 150 | Hermosa Bch East |
| Area 105 | Lennox | Area 151 | No. Redondo Villas N |
| Area 107 | Holly Glen/Del Aire | Area 152 | No. Redondo Villas S |
| Area 108 | North Hawthorne | Area 153 | No. Redondo Bch El Nino |
| Area 109 | Ramona/Burleigh | Area 154 | No. Redondo Bch Golden Hills |
| Area 110 | East Hawthorne | Area 155 | So. Redondo Bch – N Torr Blvd |
| Area 111 | Bodger Park/El Camino Village | Area 156 | So. Redondo Bch – S Torr Blvd |
| Area 112 | North Lawndale | Area 157 | So. Redondo Bch – S PCH |
| Area 113 | South Lawbdale | Area 160 | Lunada Bay/Margate |
| Area 114 | Hollypark | Area 162 | Monte Malaga |
| Area 115 | North Gardena | Area 163 | Malaga Cove |
| Area 116 | North Gateway | Area 164 | Valmonte |
| Area 117 | McCarthy | Area 165 | Palos Verdes Dr. North |
| Area 118 | Pacific Square | Area 166 | Rolling Hills |
| Area 119 | Central Gardena | Area 167 | Palos Verdes Dr. East |
| Area 120 | South Gardena | Area 168 | Mira Catalina |
| Area 121 | Lomita | Area 169 | Palos Verdes Dr. South |
| Area 122 | Harbor Gateway | Area 170 | West Palos Verdes |
| Area 123 | County Strip | Area 171 | Country Club |
| Area 124 | Harbor City | Area 172 | La Cresta |
| Area 125 | Walteria/Victoria Knolls | Area 173 | Los Verdes |
| Area 126 | Central Torrance | Area 174 | Crest |
| Area 127 | Southeast Torrance - West | Area 175 | Peninsula Center |
| Area 128 | Hollywood Riviera | Area 176 | Silver Spur |
| Area 129 | South Torrance | Area 177 | Eastview/RPV |
| Area 130 | Southwood | Area 179 | South Shores |
| Area 131 | West Torrance | Area 180 | Palisades |
| Area 132 | North Torrance - West | Area 181 | Point Fermin |
| Area 133 | North Torrance -East | Area 183 | Vista del Oro |
| Area 134 | Old Torrance | Area 185 | Plaza |
| Area 135 | Southeast Torrance - East | Area 186 | Miraleste Pines |
| Area 136 | Central Carson | Area 187 | Holy Trinity |
| Area 137 | North Carson | Area 189 | Barton Hill |
| Area 138 | Rancho Dominguez | Area 193 | San Pedro North |
| Area 139 | South Carson | Area 195 | West Wilmington |
| Area 140 | East Carson | Area 196 | East Wilmington |
| Area 141 | El Segundo | Area 198 | Out of Area |
| Area 142 | Manhattan Beach Sand | Area 199 | Out of State |
| Area 143 | Manhattan Beach Tree | | |
| Area 144 | Manhattan Beach Hill | | |
| Area 145 | Manhattan Village | | |
| Area 146 | Manhattan Bch Heights/Liberty Vlg | | |
| Area 147 | Manhattan Beach Mira Costa | | |

Appendix B: Violation/Citation Procedures

The AOR/MLS has implemented a schedule of actions which will be taken against participants and subscribers who are found in violation of the MLS Rules and Regulations and Data Integrity Standards. The AOR/MLS will issue citations whenever violations are reported and/or detected. All citations will be sent directly to the subscriber, with a copy forwarded to their corresponding broker participant. Occasionally, the participant/subscriber will be requested to provide copies of documentation to verify the correctness of data. This must be provided to the AOR/MLS within 48 hours of the request being made. If requested information is not provided, the AOR/MLS reserves the right to remove the listing from the MLS.

All violations will be tracked to ensure consistent and even application of rules. When notified of a violation to the MLS Rules and Regulations and Data Integrity Standards, the subscriber will be required to correct the infraction within 48 hours. If the violation is the first offense for the participant/subscriber (one offense within a 12 month period), the violation will be documented and the participant/subscriber will be given a warning. At the second occurrence of a violation, the subscriber will have the option of 1) paying the fine imposed per the Schedule of Fines below; or, 2) attending an MLS/Compliance class within 30 days of receiving the citation and having the fine waived; or, 3) paying the full amount of the fine indicated on the citation (first), and then requesting a full hearing in accordance with the procedures set forth in 17.2 and the California Code of Ethics and Arbitration manual.

Third and subsequent violations will result in fines, with no option for class attendance. The participant/subscriber may, however, make full payment and request a full hearing for a third and subsequent violations in accordance with the procedures set forth in 17.2 and the California Code of Ethics and Arbitration manual.

Schedule of Fees/Fines:

| | |
|----------------------|------------------------------|
| First Offense: | Warning |
| Second Offense: | \$250.00 or Class Attendance |
| Third Offense: | \$250.00 |
| Subsequent Offenses: | \$500.00 |

Failure to enroll in and complete the required orientation program (class) within 90 days after access has been provided, as outlined in Paragraph 4 of the MLS Rules and Regulations, shall result in a termination of privileges until the required training has been completed by the user.