

RULES AND REGULATIONS

OF THE

MULTIPLE LISTING SERVICE

OF THE PALOS VERDES PENINSULA
ASSOCIATION OF REALTORS®

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1. AUTHORITY.

The Associations of REALTORS® (AOR)/Multiple Listing Service may maintain a Multiple Listing Service (“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 COMMITTEE.

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.

*Note: Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather, the requirement that an individual or firm “offers and/or accepts compensation” means that the Participant actively endeavors during the operation of its real estate business to list real property of the type listed on the MLS and/or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS. “Actively” means on a continual and on-going basis during the operation of the Participant's real estate business. The “actively” requirement is not intended to preclude MLS participation by a Participant or potential Participant that operates a real estate business on a part time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a Participant or potential Participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit an MLS to deny participation based on the level of service provided by the Participant or potential Participant as long as the level of service satisfies state law.

The key is that the Participant or potential Participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the MLS in which participation is sought. This requirement does not permit an MLS to deny participation to a Participant or potential Participant that operates a Virtual Office Website (“VOW”) [See Rule No.19] (including a VOW that the Participant uses to refer customers to other Participants) if the Participant or potential Participant actively endeavors to make or accept offers of cooperation and compensation. An MLS may evaluate whether a Participant or potential Participant “actively endeavors during the operation of its real estate business” to “offer and/or accept compensation” only if the MLS has a reasonable basis to believe that the Participant or potential Participant is in

fact not doing so. The membership requirement shall be applied on a nondiscriminatory manner to all Participants and potential Participants

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

- a. The individual or corporation, for whom 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 whom the individual acts as a Broker/officer and offers or accepts compensation in the capacity of a Real Estate Broker;
- d. The individual has signed a written agreement to abide by the rules and data integrity standards of the MLS 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 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 Appraiser's 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 data integrity standards of the MLS 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 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" to be a listing broker (see Section 4.7), cooperating broker, or Selling Broker (see Section 4.8).

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 4.2.1 and 4.2.2:

4.2.1 R.E. Subscriber. A R.E. 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 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.

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 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 thirty (30) days after access has been provided.

4.2.3 Redundant Subscriber Qualifications. Subscriber type (R.E. 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 "R.E. subscriber," unless the employing or affiliated participant is an Appraiser participant.

4.3 Clerical Users. Individuals (whether licensed or unlicensed) under the direct supervision of an MLS 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 Assistant Access. 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 California Civil Code Section 1086 who acts in cooperation with a listing broker to accept the offer of compensation and/or subagency to find or obtain a buyer(s) or tenant(s). The cooperating broker or Selling Broker may be the agent of the buyer(s)

or, if subagency is offered and accepted, may be the agent of the seller(s). Whenever these rules refer to the cooperating broker or Selling Broker, the term shall include the R.E. 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.

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

5. MLS FEES AND CHARGES.

5.1 Service Fees and Charges. The AOR/MLS Board of Directors shall establish a schedule of MLS 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 initial participation and/or application fees.

5.1.2 Recurring Participation Fee. The recurring participation fee of each Broker participant shall be an amount equal to the fee set for each individual 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 as 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 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 Sections 5.1.2 and 5.1.5 hereunder by certifying 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 MLS.

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 fees under these rules, such fees shall be the exclusive obligation of that subscriber regardless of whether such subscriber becomes affiliated with a different participant. If the 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 Property Already Listed By Another Agent/Broker. The MLS allows one listing per property type for a specific property. There may be situations where more than one Broker believes they have a valid listing agreement for the same property. The MLS and/or Association cannot determine the validity of claims of competing contracts. It is the responsibility of the Brokers and seller to resolve the validity question prior to entering a listing into the MLS. Entering a listing into the MLS without a valid listing agreement is a violation of MLS Rules. Failure to remove a listing from the MLS following cancellation or expiration is a violation of MLS Rules.

7.3 Listing and Co-Listing Agents/Brokers. Only the listings of Participants and Subscribers will be accepted by the MLS. Inclusion of a co-listing broker/agent who is not a Participant or Subscriber in the MLS is prohibited.

7.4 Range Pricing. 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 in all Range Price listings.

7.5 Types of Listings; Responsibility for Classification. The MLS shall accept exclusive right to sell, exclusive agency, open, and probate listings as defined in California Civil Code Section 1086, et seq., and auction listings that satisfy the requirements of these MLS rules. As used in these rules, "probate" includes conservatorships, guardianships, and similar protective proceedings in the Superior Court of California. 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 R.E. 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 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 MLS shall have the right to reject or remove any such listing that it determines falsely represents the classification of listing type.

7.5.1 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.

Said 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.

7.5.2 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.

Said 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.

7.5.3 Scope of Service; Legal Obligations. The scope of service classifications set forth in these rules do 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 MLS's acceptance or

publication of listings eligible for MLS submission in no way constitutes a validation that said obligations have been met.

7.6 Types of Properties; Responsibility for Classification. The MLS shall accept listings that satisfy the requirements of these rules on the following types of property:

- 7.3.1 Residential**
- 7.3.2 Residential Lease**
- 7.3.3 Residential Income**
- 7.3.4 Lots and Land**
- 7.3.5 Mobile Home**
- 7.3.6 Commercial**
- 7.3.7 Commercial Lease**
- 7.3.8 Business Opportunity**

It shall be the responsibility of the Broker participant and R.E. 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 MLS shall have no affirmative responsibility to verify the property 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 property type, and if the listing broker does not reclassify it accordingly, the MLS shall have the right to reject or remove any such listing that it determines falsely represents the classification of property type listing.

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

7.8 Mandatory Submission. Broker participants shall input exclusive right to sell or exclusive agency listings on 1-4 units residential property types, and vacant lots located within the service area of the MLS within 2 business days 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 7.10) 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.

7.9 Exempted Listings. If the seller(s) refuses to permit the listing to be disseminated by the MLS, within 2 business days, the listing broker shall submit to the MLS a certification signed by the seller(s) that the seller(s) does not authorize the listing to be disseminated by the MLS.

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

of the AOR's signatories to the regional MLS agreement or part of the regional MLS corporation.

7.11 Change of Listing Information. Listing brokers shall submit any change in listing information, including the listed price or other change in the original listing agreement, to the MLS within 2 business days after the authorized change is received by the listing broker. By submitting such changes to the MLS, the listing broker represents that the listing contract 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.

7.12 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. Withdrawal from the MLS with the seller's consent does not relieve the obligation of the listing broker to report the sale and sales price if it closes escrow while the seller is represented by the listing broker.

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

7.14 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 as specified on the property data form, including full gross listing price, termination date, compensation offered to other Broker participants, and any other item required to be included as determined by the AOR/MLS Board of Directors. Property data forms may be returned if incomplete, and if not completed and returned within 2 business days from the day the incomplete property data form was returned to the listing broker, the Broker participant and R.E. subscriber may be subject to penalties for failure to submit the completed property data form in a timely manner.

7.15 Unilateral Contractual Offer; Subagency Optional. In filing a listing 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. Except as set forth in Rule 7.18 below or pursuant to California Civil Code Section 1087, a Broker participant must specify some compensation to be paid to either a buyer's(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 on conditions precedent or subsequent or on any performance, activity, or event. Furthermore, the AOR/MLS reserves the right to remove a listing from the AOR/MLS 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(s') agents only, to subagents only, or make the offer of compensation to both. Any such limitations on the contractual offer of compensation must be specified on the property data form and in

the MLS. The amount of compensation offered to buyers' agents or subagents may be the same or different but must be clearly specified on the property data profile sheet. Broker participants wishing to offer subagency 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 subagency.

7.16 Acceptance of Contractual Offer. The Broker participant's contractual offer (with or without subagency) is accepted by the participant/Selling Broker by procuring a buyer(s) 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(s') or buyer's(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(s) or seller(s) 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 Local AOR Rules, C.A.R. Interboard Arbitration Rules, or Section 16 of these rules and shall not be considered an MLS rules violation.

7.17 Consent to Act as Dual Agent. By offering compensation and/or subagency to Broker participants, the listing broker is not automatically representing that the seller(s) have consented to the cooperating broker acting as a dual agent representing both the buyer(s) and the seller(s). No cooperating broker shall act as both an agent of the buyer(s) and the seller(s) without first contacting the listing broker and ascertaining that the seller(s) have consented to such dual agency.

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

7.18.1 Probate and Bankruptcy Listings. Compensation offered through AOR/MLS to cooperating brokers on 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 "u.c.b." in the property data profile sheet and on the MLS. For probate listings, the compensation offered through the MLS under these rules and this section shall be considered an agreement as referred to in California Probate Code Section 10165 and is specifically intended to supersede any commission splits provided by statute as permitted in Section 10165. This section contemplates that probate and a bankruptcy judge have broad discretion, and therefore is not intended as a guarantee of a specific result as to commissions in every probate or bankruptcy sale.

7.18.2 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. This section does not allow an additional

reduction from the commission offered for items such as a short sale negotiator fee or other administrative costs of the transaction. Any reductions from the commission offered for such items should be factored in as a reduced amount the listing broker initially offers to a cooperating broker and may not be made a condition of the offer.

7.18.3 Auction Listings. Compensation offered through the AOR/MLS to cooperating brokers on listings which are offered by auction is for the amount published therein unless the listing broker indicates in the AOR/MLS that the sale and gross commission are based upon sales price. The listing price in the AOR/MLS shall be the reserve or minimum bid and must state “compensation to cooperating agent for a successful bid only” in the Agent/Private Remarks only. Auction listings shall have written listing contracts, as required by the AOR/MLS, including terms and conditions of auction, provided to the AOR/MLS. The Public Remarks must contain the following: “The List Price is the reserve or minimum bid subject to the seller’s(s’) acceptance.”

7.19 Changes to Offer of Compensation to All Broker Participants. The listing broker may, from time to time, adjust the published compensation offered to all MLS Broker participants with respect to any listing by changing the compensation offered on the MLS or providing written notice to the 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 and subject to applicable law, 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(s) or tenant(s) to purchase or lease 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 such a signed offer and is awaiting instructions from the listing broker as to the manner of presentation or delivery of that offer. Any independent advance revocations, or 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 MLS.

7.20 Broker Participant or R.E. Subscriber as Principal. If a listing broker or subscriber has any interest in a property, the listing which is disseminated through the MLS shall contain a disclosure of that interest on the MLS.

7.21 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 2 business days.

7.22 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 #. The calculation of Cumulative Days on Market (CDOM) is based on APN # or address and will accumulate until a change of ownership has occurred or the property is not available for sale and no Listing Agreement is in effect for a period of 90 days or more. 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 2 business days of the request, the listing shall be subject to immediate removal from the MLS.

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

7.23.1 Failure to Pay MLS Fees; Resignation. When a participant or subscriber of the MLS is suspended or expelled from the MLS for failure to pay MLS fees or charges, or if the participant or subscriber resigns from the MLS, the 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 sellers(s) that the property is no longer listed in the MLS.

7.23.2 Violations of MLS Rules. When a participant or subscriber is suspended or expelled from the MLS for a violation of the MLS rules, the AOR/MLS shall cease to provide MLS 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 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.

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

7.25 Dual or Variable Rate Commission Arrangements (Listing Broker Advantage). 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(s) or owner 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(s) or owner 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(s) or owner. If the cooperating broker is representing a

buyer(s) or lessee(s), the cooperating broker must then disclose such information to his or her client before the client makes an offer to purchase or lease.

7.26 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(s) or lessor(s). The listing broker does not have the right to be present at any discussion or evaluation of a counter-offer by the buyer(s) or lessee(s) (except where the cooperating broker is a subagent). However, if the buyer(s) or lessee(s) give 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 buyer's(s') or lessee's(s') written instructions.

8. DOCUMENTATION; PERMISSION; ACCURACY OF INFORMATION.

8.1 Listing Agreement and Seller's Permission. Prior to submitting a listing to the MLS, the listing broker shall obtain the written agreement of the seller(s) expressly granting the listing broker authority to:

- a. file the listing with the MLS for publication and dissemination to those authorized by the MLS;
- b. act as an agent for the seller(s);
- c. abide by the rules of the MLS;
- d. provide timely notice of status changes of the listing to the MLS;
- e. provide sales information, including selling price, to the MLS upon sale of the property for publication and dissemination to those authorized by the MLS; and
- f. 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 MLS shall have a written listing agreement with all necessary signatures in their possession. Only listings that create an agency relationship between the seller(s) and the participant are eligible for submission to the MLS. By submitting a listing to the MLS, participants and subscribers represent that they have in their possession such written agreements establishing agency and the represented type of listing agreement. The AOR/MLS 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 AOR/MLS shall also have the right to demand a copy of seller's written authorization required under these rules. If the participant or subscriber fails to provide documentation requested by the AOR/MLS within 2 business days, the AOR/MLS shall have the right to immediately withdraw any listings from the database 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 MLS for input in the MLS database by the AOR/MLS staff, whether such information was provided to the AOR/MLS staff on a “property data form” or otherwise.

8.5 Buyer, Seller, Purchase, and Sale Defined. All references to the buyer(s) shall also include tenant(s) and lessee(s). All references to the seller(s) shall also include landlord(s) and lessor(s). 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(s) for the purchase of listed property filed with the MLS 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(s), or
- b. after reasonable effort and no less than 24 hours, the cooperating broker cannot contact the listing broker or his or her representative. However, the listing broker, at his or her 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(s), the listing broker shall clearly set forth such fact in the listing information published by the MLS.

9.2 Disclosing the Existence of Offers. Listing brokers, in response to inquiries from buyers or cooperating brokers, shall, with the seller’s(s’) 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 only if asked.

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 the 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 MLS.

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

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 or she secures. The cooperating broker does not have the right to be present at any discussion or evaluation of that offer by the seller(s) and the listing broker. However, if the seller(s) give 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(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(s) as required by Section 9.5.

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 the listing broker and cooperating broker from entering into a mutual agreement to change cooperative compensation.

10. REPORTING SALES AND OTHER INFORMATION TO THE MLS.

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

On-Market Statuses

Active (A): A valid listing contract exists and no offer (with or without contingencies) has been accepted. This is an On-Market status.

Back-Up (B): Offer accepted and either 1) Seller requests that property remain in an On-Market status and is looking for back-up offers, or 2) the sale is subject to court or other third party approval. This is an On-Market status.

Off-Market Statuses

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 Off-Market status.

Withdrawn (W): A valid listing contract is in effect, however the property is no longer being marketed. This is an Off-Market status.

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

Canceled (C): 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.

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 2 business days 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 notify the listing broker of the “pending” status within 2 business days after acceptance, whereby the listing broker shall then report or input the status change to the MLS within 2 business days of receiving notice from the cooperating broker. 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 2 business days of the final closing date unless the negotiations were carried on under Section 9.1 (a) or (b), in which case, the cooperating broker shall notify the listing broker of the “sold” status and selling price within 2 business days after the final closing date, whereby the listing broker shall then report or input the status change and selling price to the MLS within 2 business days of receiving notice from the cooperating broker.. Listings which were not input into the MLS as a result of the seller’s(s’) instructions may be input into the MLS “sold” data at the listing broker’s option, however, listings which were input into the MLS but subsequently withdrawn must still be reported under this section if the seller is represented by the listing broker when it closes.

10.3 Removal of Listings for Refusal/Failure to Timely Report Status Changes. The AOR/MLS is authorized to remove any listing from the MLS compilation of current listings where the participant or subscriber has refused or failed to timely report status changes. Prior to the removal of any listing from the MLS, the participant and/or subscriber shall be advised of the intended removal so the participant and/or subscriber can advise his or her client(s).

10.4 Reporting Cancellation of Pending Sale. The listing broker shall report to the MLS within 2 business days the cancellation of any pending sale and the listing shall be reinstated immediately as long as there is still a valid listing.

10.5 Refusal to Sell. If the seller(s) of any listed property filed with the MLS refuses to accept a written offer satisfying the terms and conditions stated in the listing, such fact shall be transmitted immediately to the MLS and to all participants.

11. OWNERSHIP OF MULTIPLE LISTING SERVICE 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 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 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 do grant authority for the MLS to include the sold information in its copyrighted MLS compilation.

11.5 Photographs on the MLS. By submitting photographs to the MLS, the Participant and/or Subscriber represents and warrants that he or she either owns the right to reproduce and display such photographs or has procured such rights from the appropriate party, and has the authority to grant and hereby grants the MLS and the other Participants and Subscribers the right to reproduce and display the photographs in accordance with these rules and regulations. Use of photographic media by a subsequent listing agent requires prior written authorization from the originating participant and/or subscriber or other appropriate party with the legal right to reproduce and display such photographs. Except by the MLS for purposes of protecting its rights under Section 11.6, branding of photographs, virtual tours or any other photographic representation with any information or additional images, including but not limited to photos displaying “for sale” signs posted on the property, is prohibited. At least one (1) photo or graphic image accurately displaying the exterior of the listed property (except where sellers expressly direct that photographs of their property not appear in MLS compilations) is required to be posted on the MLS within 5 days of submission of the listing in all categories other than Lots and Land.

11.6 Copyright Ownership. All right, title, and interest in each copy of every MLS compilation created and copyrighted by the MLS, and in the copyrights therein, shall at all times remain vested in the MLS. The 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. All right, title, and interest in each copy of every compilation created by any technology solution aggregator, such as and including California Real Estate Technology Services, Inc. ("CARETS"), shall, pursuant to agreement with the MLS, at all times remain vested in the aggregator.

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 sufficient 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.

11.8 Removal of Historical Records. The removal of history information from the MLS compilation is forbidden. No exceptions are to be made at any time.

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 AOR/MLS within 24 hours of any final action taken by the California Department of Real Estate (DRE) or the Office of Real Estate Appraisers (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 R.E. Licensees and Appraisers. In addition to the notification requirements of Section 12.1, a participant may not allow any Licensee, under the participant's license, whose license has been revoked, suspended or restricted by the California Department of Real Estate (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 MLS 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 MLS 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 MLS by assuring them that other participants and subscribers will not attempt to persuade the seller(s) 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. Information in the public remarks shall only relate to the marketing, description and condition of the property. No contact information is permitted, including names, phone or fax numbers, email addresses or website addresses (including virtual tours and transaction tracking URLs). No showing instructions are permitted, including references to lockbox, alarm, gate or other security codes, or the occupancy of the property (a statement that the property shall be delivered vacant is not a violation of this section). No information directed toward real estate agents or brokers, including compensation or bonuses offered to cooperating brokers may be shown in public remarks. No information other than the marketing, description and condition of the property is permitted. 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 Real Estate Brokers or R.E. subscribers who participated in the transaction as the listing broker or cooperating broker (Selling 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 in any media including the Internet 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 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, from the MLS' "statistical report," or from any "sold" or "comparable" report of the 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 notice in a type size not less than 9 point type:

"Based on information from the Association of REALTORS®/Multiple Listing 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; True Picture Standard of Conduct. 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 MLS, about the MLS itself, or about any property listed with the MLS. MLS participants and subscribers shall present a true picture in their advertising and representations to the public, including the URLs and domain names they use, and participants and subscribers may not:

12.10.1 engage in deceptive or unauthorized framing of real estate brokerage websites;

12.10.2 manipulate (e.g., presenting content developed by others) listing content in any way that produces a deceptive or misleading result; or

12.10.3 deceptively use metatags, keywords or other devices/methods to direct, drive or divert Internet traffic, or to otherwise mislead consumers.

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 R.E. subscribers for the sole purpose of selling the property, and that sellers of properties filed with the MLS 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 bonafide prospective buyers or to support market evaluations or appraisals as specifically allowed by Sections 12.14, 12.15 and 12.16. Any use of MLS information inconsistent with these sections is expressly prohibited. Nothing in this section, however, shall limit the MLS 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 MLS 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 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/MLS members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development, or building, but who do not participate in the MLS, are nonetheless entitled to receive, by purchase or lease, all information other than current listing information that is generated wholly or in part by the MLS, including “comparable” information, “sold” information, and statistical reports. This information is provided for the exclusive use of AOR/MLS members and individuals affiliated with AOR/MLS 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.

12.14 Display. Subject to Sections 12.15 and 12.16, Broker participants and R.E. subscribers shall be permitted to display the MLS compilation in either electronic or printed format to specifically identify and bonafide prospective buyers 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 R.E. subscribers shall be permitted to display the MLS compilation in either electronic or printed format to specifically identified and bonafide 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 Buyers. Broker participants and R.E. subscribers may reproduce from the MLS compilation, and distribute to prospective real estate buyers, 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 (ex: lock box, burglar alarm, or security system, vacancies) regarding the listed property;
- c. Type of listing;
- d. Compensation or bonuses offered to cooperating brokers; and.
- 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 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 with the exception of usage as defined under Section 12.16.

12.16 Use of Active Listing Information on 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 listings appearing in Internet Data Exchange Database on each participants IDX Internet website. The "Internet Data Exchange Database" is the current aggregate compilation of all On-Market listings information as defined in Section 10.1, Pending and Sold/Leased listings of all Internet Data Exchange participants except those listings where the property seller has opted out of Internet publication by so indicating on the listing contract. Sold/Leased listings may be displayed for a period of one (1) year follow the Sold/Leased date of the subject

listing. The intent of IDX is to allow participants that represent real estate sellers or buyers (or both) to permit other such participants to advertise their listings on their public web sites. IDX is not available to any other participants.

12.16.1 Authorization. Subject to sections 12.16.2 through 12.16.15 below, and notwithstanding anything in these rules and regulations to the contrary, participants and subscribers may display on their public websites aggregated MLS On-Market listing information, Pending and Sold/Leased Statuses through either downloading and placing the data on the participant or subscriber's public access websites or by framing such information on the MLS or association public access website (if such a site is available). The downloading of raw data will be through the participant only.

12.16.2 Consent. The listing brokers' consent for such Internet display is presumed, in satisfaction of Rule 12.8, unless a listing broker affirmatively notifies the MLS that the listing broker refuses to permit display on either 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 listing information of other brokers' listings.

12.16.3 Display Content. Participants and subscribers shall not display confidential information fields, as determined by the MLS in the MLSs' sole discretion, such as that information intended for cooperating brokers rather than consumers. Participants and subscribers shall not modify the information displayed pursuant to these MLS Rules.

12.16.4 Listing Credit. 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.. The name of a co-listing firm and name of a co-listing agent, if any, will be displayed in a manner designed to easily identify such listing firm or agent.. Listing broker and agent names are required for all IDX display formats except a one-line or thumbnail search result display format as long as there is one or more additional display formats available for the listing. Each subsequent display format must identify the listing broker and listing agent.

12.16.5 Source. Information displayed shall indicate the source MLS 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 seven [7] days.

12.16.6 Usage. Sharing of the MLS compilation or portion thereof with any third party not authorized in writing by the 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.

12.16.7 Security. 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 database.

12.16.8 Display Purpose. Broker Participants and R.E. Subscribers may not use IDX-provided listings for any purpose other than display on their websites. This does not require Broker Participants and R.E. Subscribers to prevent indexing of IDX listings by recognized search engines.

12.16.9 Restricted Display. Listings or property addresses of sellers who have directed their listing brokers to withhold their listing or their property address from display on the Internet (including, but not limited to, publicly-accessible websites or VOWs) 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.

12.16.10 Restricted Access. 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.

12.16.11 Excluded Listings. Not all listings from the MLS must be displayed on the participant's and/or subscriber's IDX sites as long as any exclusions are based on objective criteria, e.g. type of property, listed price or geographical location.

12.16.12 Website Identification. When displaying listing content, a participant's or subscriber's website must clearly identify the name of the brokerage firm under which they operate and the subscriber's name, if applicable, in a readily visible type font and color.

12.16.13 Co-Mingling. A participant or subscriber may co-mingle the listings of other participants with listings from other sources on its web site, provided all such displays are consistent with these rules. Co-mingling is (a) the ability for a visitor to the site to execute a single search that searches any portion of the IDX database at the same time it searches listing data from any other source(s); or (b) the display on a single web page of any portion of the IDX database and listing data from any other source.

12.16.14 Third Party Comments and Automated Value Estimates. Any IDX site that

(a) Allows third-parties to write comments or reviews about particular listings or displays a hyperlink to such comments or reviews in immediate conjunction with particular listings, or

(b) Displays an automated estimate of the market value of the listing (or hyperlink to such estimate) in immediate conjunction with the listing, shall disable or discontinue either or both of those features as to the seller's listing at the request of the seller. The listing broker or agent shall communicate to the MLS that the seller has elected to have one or both of these features disabled or discontinued on all Broker Participants'

and R.E. Subscribers' websites. Except for the foregoing and subject to section 12.16.15 below, a Broker Participant's or R.E. Subscriber's IDX site may communicate the Broker Participant's or R.E. Subscriber's professional judgment concerning any listing. Nothing shall prevent an IDX site from notifying its viewers that a particular feature has been disabled at the request of the seller.

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

12.16.16 Compliance. All IDX sites are subject to ongoing compliance auditing the AOR/MLS. Changes to an IDX site necessary to cure a violation of MLS Rules must be accomplished within ten (10) calendar days of the transmittal of notice from the AOR/MLS of such violation. Violations may subject a participant to sanctions as defined in the AOR's Data Integrity Standards – Appendix B, including but not limited to the immediate termination of the download agreement to receive or republish the IDX information.

12.16.17 Notification by Authorized Participants and Subscribers. Participants and subscribers partaking in the display of MLS On-Market, Pending and/or Sold/Leased listing information of other brokers' listings pursuant to Section 12.16 must notify the 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.

12.16.18 Right to Charge for Download. The MLS has the right to charge the costs of adding or enhancing its downloading capacity to Participants and Subscribers who request downloading of listing information pursuant to Section 12.16.

12.17 Applicability of Rules to MLS. These rules are binding on the MLS participants and subscribers. Nothing in these rules shall limit the right of the 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 Association or MLS Board of Directors.

12.18 Listing Broker's Right to Opt Out of Internet Advertising of MLS Information. If the MLS 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 AOR/MLS in accordance with the MLS procedures for opting out. Notwithstanding anything in these rules to the contrary, the AOR/MLS Board of Directors reserve the right to determine whether to provide Internet advertising services and whether such services are to be made available to non-REALTOR® members.

12.19 Website Name and Status Disclosure. MLS Participants' firm websites shall disclose the firm's name and state(s) of licensure in a reasonable and readily apparent manner. Websites of Subscribers affiliated with a Participant's firm shall disclose the firm's name and the Subscriber's state(s) of licensure in a reasonable and readily apparent manner.

12.20 Use of the Terms MLS and Multiple Listing Services. No MLS Participant or Subscriber shall, through the name of their firm, their URLs, their e-mail addresses, their website addresses, or in any other way represent, suggest, or imply that the individual or firm is an MLS, or that they operate an MLS. Participants and Subscribers shall not represent, suggest, or imply that consumers or others have direct access to MLS databases, or that consumers or others are able to search MLS databases available only to Participants and Subscribers. This does not prohibit Participants and Subscribers from representing that any information they are authorized under MLS rules to provide to clients or customers is available on their websites or otherwise.

12.21 Participant and Subscriber Standards of Conduct. The services which MLS participants provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

MLS participants shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth.

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 lockbox provider.
- b. The participant to which the key holder is licensed cosigns the lease agreement with the lockbox provider.
- c. The key holder continues to comply with all 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 limiting to, lending, borrowing or sharing keys with others. The AOR/MLS is not obligated to provide service on keys or lockboxes to an individual who is not the registered lessee or owner of the component. The key will 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 keys in their possession to the 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(s) and occupant if other than the seller(s). A lockbox shall be removed from a listed property within 2 business days 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 Required Lockbox. If a lockbox is present on a Residential or Residential Income (1 – 4 Units) property which is located in the state of California and is listed for sale or lease in the CARETS system, the lockbox must be an electronic lockbox that is accessible by a key issued by one of the CARETS members. More than one lockbox may be used on a property as long as one of them meets the criteria above.

13.7 Listing Broker's Permission. No MLS 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.

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

13.9 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.

13.10 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.

All references to *California Code of Ethics and Arbitration Manual* to the publication of the California Association of REALTORS® as amended from time to time.

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 Association or MLS 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 Office of Real Estate Appraisers (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 has the right to (1) pay the fine as imposed; (2) if the violation is a second offense within a 12 month period, the participant or subscriber may pay a specified fee to attend an MLS Training Class within 60 days of receiving the citation and thereby have the fine waived; or (3) **must** pay the amount specified on the citation, as a hearing deposit, before being eligible to request a full hearing in accordance with the procedures set forth in 17.2 and the *California Code of Ethics and Arbitration Manual*. The hearing deposit is refundable in the event that the participant or subscriber is vindicated through the hearing process.

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-MLS facilities, such persons are not bound to arbitrate the dispute covered by such agreement under these rules utilizing the AOR/MLS facilities.

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

- a. If all disputants are members of the same AOR, they shall arbitrate under that AOR in accordance with its rules.
- b. If the disputants are members of different AORs, 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 in accordance with the Interboard Arbitration Rules of the California Association of REALTORS® (“C.A.R.”).

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

- a. If one of more of the disputants are non-AOR 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
- b. If one or more of the disputants are non-AOR 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.
- c. 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 AOR 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 AOR 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 on the due date specified on the invoice, 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 Association or MLS 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. CHANGE IN RULES AND REGULATIONS.

The rules of the MLS may be amended by a majority vote of the CARETS Board of Directors based on recommendations from a Rules and Regulations subcommittee made up of members from each participating AOR/MLS. Any changes to these rules which are mandated by the National Association of REALTORS® shall automatically be incorporated into these rules and do not require subcommittee or CARETS Board of Directors approval. All changes to the rules shall be submitted to all reciprocating MLS.

19. VIRTUAL OFFICE WEBSITES (VOW).

19.1 VOW Definitions.

- a. A Virtual Office Website (“VOW”) is a Participant’s Internet website, or a feature of a Participant’s website, through which the Participant is capable of providing real estate brokerage services to consumers with whom the Participant has first established a broker-consumer relationship (as defined by state law) where the consumer has the opportunity to search MLS Listing Information, subject to the Participant’s oversight, supervision, and accountability. A non-principal broker or sales licensee affiliated with a Participant may, with his or her Participant’s consent, operate a VOW. Any VOW of a non-principal broker or sales licensee is subject to the Participant’s oversight, supervision, and accountability.
- b. As used in Section 19 of these Rules, the term “Participant” includes a Participant’s affiliated non-principal brokers and sales licensees – except when the term is used in the phrases “Participant’s consent” and “Participant’s oversight, supervision, and accountability”. References to “VOW” and “VOWs” include all VOWs, whether operated by a Participant, by a non-principal broker or sales licensee, or by an Affiliated VOW Partner (“AVP”) on behalf of a Participant.
- c. “Affiliated VOW Partner” (“AVP”) refers to an entity or person designated by a Participant to operate a VOW on behalf of the Participant, subject to the Participant’s supervision, accountability and compliance with the VOW Policy. No AVP has independent participation rights in the MLS by virtue of its right to receive information on behalf of a Participant. No AVP has the right to use MLS Listing Information except in connection with operation of a VOW on behalf of one or more Participants. Access by an AVP to MLS Listing Information is derivative of the rights of the Participant on whose behalf the AVP operates a VOW.
- d. As used in Section 19 of these Rules, the term “MLS Listing Information” refers to active listing information and sold data provided by Participants to the MLS and aggregated and distributed by the MLS to Participants.

19.2 VOW Operating Parameters.

- a. The right of a Participant’s VOW to display MLS Listing Information is limited to that supplied by the MLS(s) in which the Participant has participatory rights. However, a Participant with offices participating in different MLSs may operate a master website with links to the VOWs of the other offices.
- b. Subject to the provisions of the VOW Policy and these Rules, a Participant’s VOW, including any VOW operated on behalf of a Participant by an AVP, may provide other features, information, or functions, e.g. Internet Data Exchange (“IDX”).
- c. Except as otherwise provided in the VOW Policy or in these Rules, a Participant need not obtain separate permission from other MLS Participants whose listings will be displayed on the Participant’s VOW.

19.3 VOW Registrant Access Requirements

- a. Before permitting any consumer to search for or retrieve any MLS Listing Information on his or her VOW, the Participant must take each of the following steps:
 - i. The Participant must first establish with that consumer a lawful broker-consumer relationship (as defined by state law), including completion of all actions required by state law in connection with providing real estate brokerage services to clients and customers (hereinafter “Registrants”). Such actions shall include, but are not limited to, satisfying all applicable agency, non-agency, and other disclosure obligations, and execution of any required agreements.
 - ii. The Participant must obtain the name of, and a valid email address for, each Registrant. The Participant must send an email to the address provided by the Registrant confirming that the Registrant has agreed to the Terms of Use (described in subsection (d) below). The Participant must verify that the email address provided by the Registrant is valid and that the Registrant has agreed to the Terms of Use.
 - iii. The Participant must require each Registrant to have a user name and a password, the combination of which is different from those of all other Registrants on the VOW. The Participant may, at his or her option, supply the user name and password or may allow the Registrant to establish its user name and password. The Participant must also assure that any email address is associated with only one user name and password.
- b. The Participant must assure that each Registrant’s password expires on a date certain but may provide for renewal of the password. The Participant must at all times maintain a record of the name, email address, user name, and current password of each Registrant. The Participant must keep such records for not less than 180 days after the expiration of the validity of the Registrant’s password.
- c. If the MLS has reason to believe that a Participant’s VOW has caused or permitted a breach in the security of MLS Listing Information or a violation of MLS rules, the Participant shall, upon request of the MLS, provide the name, email address, user name, and current password, of any Registrant suspected of involvement in the breach or violation. The Participant shall also, if requested by the MLS, provide an audit trail of activity by any such Registrant.
- d. The Participant shall require each Registrant to review, and affirmatively to express agreement (by mouse click or otherwise) to, a “Terms of Use” provision that provides at least the following:
 - i. That the Registrant acknowledges entering into a lawful consumer-broker relationship with the Participant;
 - ii. That all information obtained by the Registrant from the VOW is intended only for the Registrant’s personal, non-commercial use;
 - iii. That the Registrant has a bona fide interest in the purchase, sale, or lease of real estate of the type being offered through the VOW;
 - iv. That the Registrant will not copy, redistribute, or retransmit any of the information provided except in connection with the Registrant’s consideration of the purchase or sale of an individual property;
 - v. That the Registrant acknowledges the MLS’s ownership of, and the validity of the MLS’s copyright in, the MLS database.

- e. The Terms of Use Agreement may not impose a financial obligation on the Registrant or create any representation agreement between the Registrant and the Participant. Any agreement entered into at any time between the Participant and Registrant imposing a financial obligation on the Registrant or creating representation of the Registrant by the Participant must be established separately from the Terms of Use, must be prominently labeled as such, and may not be accepted solely by mouse click.
- f. The Terms of Use Agreement shall also expressly authorize the MLS, and other MLS Participants or their duly authorized representatives, to access the VOW for the purposes of verifying compliance with MLS rules and monitoring display of Participants' listings by the VOW. The Agreement may also include such other provisions as may be agreed to between the Participant and the Registrant.

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

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

19.6 VOW Listing Display Restrictions.

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

Seller Opt-Out Form

- 1. Please check either Option a or Option b
 - a. I have advised my broker or sales agent that I do not want the listed property to be displayed on the Internet.

OR

- b. [] I have advised my broker or sales agent that I do not want the address of the listed property to be displayed on the Internet.
- 2. I understand and acknowledge that, if I have selected option a, consumers who conduct searches for listings on the Internet will not see information about the listed property in response to their search.

Initials of Seller

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

19.7 Posting Consumer Comments and Automated Value Estimate.

- a. Subject to subsection (b), a Participant's VOW may allow third-parties
 - i. to write comments or reviews about particular listings or display a hyperlink to such comments or reviews in immediate conjunction with particular listings, or
 - ii. display an automated estimate of the market value of the listing (or hyperlink to such estimate) in immediate conjunction with the listing
- b. Notwithstanding the foregoing, at the request of a seller the Participant shall disable or discontinue either or both of those features described in subsection (a) as to any listing of the seller. The listing broker or agent shall communicate to the MLS that the seller has elected to have one or both of these features disabled or discontinued on all Participants' websites. Subject to the foregoing and to Section 19.8, a Participant's VOW may communicate the Participant's professional judgment concerning any listing. A Participant's VOW may notify its customers that a particular feature has been disabled "at the request of the seller."

19.8 Correction of VOW Listing Information. A Participant's VOW shall maintain a means (e.g., e-mail address, telephone number) to receive comments from the listing broker about the accuracy of any information that is added by or on behalf of the Participant beyond that supplied by the MLS and that relates to a specific property displayed on the VOW. The Participant shall correct or remove any false information relating to a specific property within 2 business days following receipt of a communication from the listing broker explaining why the data or information is false. The Participant shall not, however, be obligated to correct or remove any data or information that simply reflects good faith opinion, advice, or professional judgment.

19.9 VOW Mandatory Listing Refresh. A Participant shall cause the MLS Listing Information available on its VOW to be refreshed at least once every three (3) days.

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

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

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

19.13 Notification of MLS of Intent to Operate a VOW. A Participant who intends to operate a VOW to display MLS Listing Information must notify the MLS of its intention to establish a VOW and must make the VOW readily accessible to the MLS and to all MLS Participants for purposes of verifying compliance with these Rules, the VOW Policy, and any other applicable MLS rules or policies.

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

19.15 VOW Data Display Limitations. NOT ADOPTED.

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

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

19.18 Listing Broker or Agent Identification. NOT ADOPTED.

19.19 Listing Search Result Limitation. A Participant shall limit the number of listings that a Registrant may view, retrieve, or download to not more than 500 current listings and not more than 500 sold listings in response to any inquiry.

19.20 Mandatory Registrant Password Change. A Participant shall require that Registrants' passwords be reconfirmed or changed every 90 days.

19.21 VOW Co-Branding and Advertising. A Participant may display advertising and the identification of other entities ("co-branding") on any VOW the Participant operates or that is operated on his or her behalf. However, a Participant may not display on any such VOW deceptive or misleading advertising or co-branding. For purposes of this

Section, co-branding will be presumed not to be deceptive or misleading if the Participant's logo and contact information (or that of at least one Participant, in the case of a VOW established and operated on behalf of more than one Participant) is displayed in immediate conjunction with that of every other party, and the logo and contact information of all Participants displayed on the VOW is as large as the logo of the AVP and larger than that of any third party.

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

19.23 Separate Source Listing Search. A Participant shall cause any listing displayed on his or her VOW obtained from other sources, including from another MLS or from a broker not participating in the MLS, to be searched separately from listings in the MLS.

19.24 MLS Licensing Agreement for VOW. Participants and the AVPs operating VOWs on their behalf must execute the license agreement required by the MLS.

19.25 Seller's Direction to Withhold from Internet. Where a seller affirmatively directs their listing broker to withhold either the seller's listing or the address of the seller's listing from display on the Internet, a copy of the seller's affirmative direction shall be provided to the MLS within 2 business days.

20. 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.