

Citation Policy

Effective January 1, 2006, rev. 1/18/06, 6/1/06, 3/1/07, 5/1/07, 9/1/07

To ensure the integrity of the MLS and the MLS database, this Citation Policy has been established in accordance with Section 7.G of the MLS Rules & Regulations. Fines will be issued in accordance with this policy, subject to change upon approval of the Board of Trustees. This policy is not all-inclusive, does not reflect violations of the Code of Ethics, and does not replace Professional Standards Enforcement through your local Association of REALTORS®. The NNRMLS Board of Trustees understands that the MLS database is an integral part of your day-to-day business and has instituted this Citation Policy to make a focused effort to increase the accuracy and protect the integrity of the MLS.

Section 1 – Reporting a Violation

1.1 How Violations Originate

- } Reported to MLS Staff
- } Random checks of the database
- } Result of listing audit. MLS Rules/Regulations allow NNRMLS staff to request copies of listing forms and change orders. (Section 2.E.1 and H.5)

1.2 Reporting Violations

- } Fax a copy of the listing in question to 775.823.8809
- } Use the “Correction” option in Paragon to send an email to NNRMLS Staff

1.3 Required Information When Reporting

- } Name and office of the alleged Responsible Agent
- } Nature of the violation (be as specific as possible, i.e., when it occurred, the MLS #, etc.).

Section 2 – Summary of Citation Process and Fine Amounts

2.1 Level 1 through Level 3 Citations

2.1.A Process. When a violation is reported, NNRMLS staff will send a Notice of Violation-Warning to the responsible member (Member) and, send a copy of the Notice to the responsible Broker Participant (Broker). Notifications are sent via fax and email (if current email address is available). If the violation is not corrected within two business days of the Receipt Date of the Notice of Violation-Warning, a **Notice of Citation and Fine Assessment** will be sent to the Member and his/her Broker. The notification will include the amount of the fine and the per diem amount that will continue to accumulate until the required correction is made. Refer to the NNRMLS Citation Matrix for a complete overview of the Level 1 through 3 Citations and fine amounts.

2.1.B Level 1 Fine Calculation. If uncorrected within two business days of original notification, the amount for a Level 1 fine will be \$100 plus \$15 per calendar day until the correction is made.

2.1.C Level 2 Fine Calculation. If uncorrected within two business days of original notification, the amount for a Level 2 fine will be \$250 plus \$50 per calendar day until the correction is made.

2.1.D Level 3 Fine Calculation. If uncorrected within two business days of original notification, the amount for a Level 3 fine will be \$500 plus \$100 per calendar day until the correction is made.

2.1.E Maximum Fine for Levels 1 through 3. The maximum fine for an uncorrected Level 1-3 violation is \$2,500. If correction is not made before the maximum is reached the member’s services will be immediately suspended until the correction is made and the fine paid.

2.2 Level 4 Citations. Level 4 Citations will be sent in the same manner as noted above. However, the two business day correction period does not apply to Level 4 Citations – they are all automatic, the amount of Level 4 fines vary, with some including a mandatory Hearing before the Board of Trustees.

Section 3 – Level 1 Citations and Fines

3.1. Wrong Area. Listings must be entered into the correct area, in accordance with Shareholder Association maps and established boundaries. (Section 2.E.2, Section 2.H)

3.2. Incomplete Info. All other information must be complete when entered into the system, including but not limited to APN, taxes, correct schools, zoning, city, state, county and zip code information. (Section 2.E.2, Section 2.H)

3.3. No Compensation Noted. All active listings must include the amount of compensation offered to cooperating brokers. (Section 6.B) *note: sold listings added for comparable purposes that were previously withheld from publication may show no compensation if none was offered or paid.*

3.4. Incorrect Property Class. Each listing must be entered into the correct Property Class and Sub-Class. *Example: listing entered as site/stick built instead of condominium, residential instead of multi-family, etc. (policy)*

3.5. No Showing Availability Noted on Active Listing. If a listing has a status of “active” but cannot be shown, a notation must be made in the Private Remarks as to when the property will be available for showing. (Section 3.E)

3.6. Not Disclosing Ownership Status on a Listing. If a member is a principal party in a listing, a notation must be made in either the MLS or Private Remarks of the listing. (Section 5.C) (citation added 02/15/06)

3.7. Not Removing a lockbox from an off-market listing. Sold and withdrawn listings must have the lockbox removed within 2 business days of notification. (policy effective 9/07)

3.8. No Disclosure of Special Circumstances. Listings must include a disclosure of special circumstances such as price/compensation subject to 3rd party approval or notification that the property is listed by a relocation company. It is recommended that this information be entered in the private remarks. (policy effective 3/07, 4/07)

3.9. No Real Property Included. All listings entered must include real property, with the exception of actual Business Opportunity Listings. Listings that only include water rights, frontage or coverage, or a structure only with no land may not be entered into the system. (2005)

3.10. Referral Fees or “Reservations”. Listings that offer only a referral fee or are entered into the system to solicit reservations for future purchase may not be entered into the system.

NOTE: The above are examples only and may not be inclusive of all possible citations.

Section 4 – Level 2 Citations and Fines

4.1. No Photo/Sketch Loaded. Properties within geographic area of the member’s association must be uploaded within 5 days, excluding weekends/holidays or 10 days if rural. A photo/sketch is required on every listing that goes into the MLS. (Section 2.E.12.C)

4.2. Photo/Sketch with Watermark, Overlay or Dominant Signage. Photos/sketches may not be watermarked, must be of the listed property (view photos are acceptable) only. No contact information, overlays of any kind, watermarks or dominant signs are allowed. Guideline for dominant signs: If the name/phone number of the listing agent/office can be read in the photo, the sign is too predominant in the photo. (Section 2.E.12.A)

4.3. Use of Another Members Photos. Copying a photograph, drawing or virtual tour from another listing for use on your own listing, regardless of the listing status is prohibited, unless written permission is obtained. (Section 2.E.12.D)

4.4. Property Class Duplication. An active listing may not be entered into more than one property class. (rev. 2/15/06)

4.5. Incorrect Status/Non-Reported Transactions. All changes of status must be reported to the MLS within 48 hours of the change, excluding weekends and holidays. This includes reporting of price changes, active pending sales, closed transactions, closed transactions of formerly “waived” listings, listings being placed back on the market and any other contractual changes in status. (Section 3.D)

4.6. Incorrect Reporting of Closed Transactions. The correct selling agent, selling office and all other required information must be properly reported, including routine member/member transactions, listings entered for comps only, etc. Additionally, properties with no member involved on either the listing or selling side may not be entered into the MLS. (see policy for reporting sales, updated 4/25/07)

4.7. Contact Information in MLS Remarks or Extended Remarks. MLS and Extended remarks may only describe the property and details relating to the transaction. No contact information of any kind, including but

not limited to names, phone numbers, web sites, email addresses may be entered in the remarks sections. (Section 2.E.10 and policy)

4.8. Mention of Affiliated Companies and/or Contact Information: No mention of affiliated real estate service providers or companies may be mentioned in the MLS, Extended or Private Remarks. (policy)

4.9. Duplicate Areas. Listings may only be entered into the correct area in accordance with Shareholder Association Maps and associated boundaries. (policy)

4.10. Subdivisions/Developments with Unrecorded Maps: Properties that are part of an unrecorded or tentative map and have no parcel numbers assigned may not be entered into the system. (policy 2005)

NOTE: The above are examples only and may not be inclusive of all possible citations.

Section 5 – Level 3 Citations and Fines

5.1. Remarks with Potential Fair Housing Violations. All listing remarks must be in compliance with State and Federal Laws and the Fair Housing Act. (Section 2.E.10)

5.2. Unprofessional/Inappropriate Remarks: Listing remarks must be about the property or the transaction only. No unprofessional, inappropriate or derogatory comments will be accepted. (Section 2.E.10 and policy)

5.3. Branded Virtual Tours. Only “unbranded” virtual tours may be entered into the MLS. See full Virtual Tour Policy for more details on the definition of branded vs. unbranded tours. (policy)

5.4. Non-Disclosure of actual Sliding Scale: Listings marked “yes” for sliding scale compensation must also include full disclosure of the method of calculation in the Private Remarks as members are entitled to know what their compensation will be prior to making an offer. (policy 4/25/07)

NOTE: The above are examples only and may not be inclusive of all possible citations.

Section 6 – Level 4 Citations and Fines

6.1. Late Entry of Listing into MLS. All listings must be entered into the MLS within 48 hours (excluding weekends and holidays) of the seller’s signature(s). The Level 4 fine for this citation is \$250 plus \$100 for each day late. (Section 2.E.3)

6.2. MLS Exemption Violation: Members who have “exempt” status with the MLS will receive a fine of \$500 plus a mandatory Hearing before the Board of Trustees for violating the exemption agreement. (policy)

6.3. Exempted Listings with No Waiver of Benefits on File. The citation for not submitting a complete and signed copy of a Waiver of Benefits form to NNRMLS within 48 hours (excluding weekends and holidays) of seller’s signature(s) is \$1,000. (Section 2.F)

6.4. No Response to Listing Information Audit Request. The NNRMLS Board of Trustees may request copies of listing input forms and related change orders with 48 hours notice. The fine for failure to submit the requested documents by the deadline is \$2,500 plus a Hearing before the Board of Trustees. (Section 2.E.1 and 2.H.5)

6.5. No Seller Signature(s) on Listing Input or Change Form. Seller signature(s) are required on all listing input form and contractual changes. Failure to have the appropriate signatures on a listing input form, change form or agreement will result in a \$1,000 fine. (Section 2.H.2)

6.6. No Agent or Broker Signature on Listing Input or Change Form. The signature of either the listing agent or the listing broker is required on listing input forms and all change forms. The broker’s signature is required on all “temporary off market” and “withdrawn” status change forms. The fine for not having the appropriate signature is \$1,000. The broker will receive the fine for no broker signature. (rev. 1/18/06) (Section 2.I.3 and policy)

6.7. No Listing Input Form and/or Agreement on File. Listing information must be on a current approved form. The fine for not having a signed listing input form and/or agreement submitted to NNRMLS upon request is \$1,000. (Section 2.E.1)

6.8. Misuse of Lockbox System. Giving a lockbox key to an unauthorized user or the use of another member’s lockbox key is prohibited. The fine for unauthorized use of a lockbox key is \$2,500 plus a mandatory Hearing before the Board of Trustees. (Section 4.A and the Lockbox Key Agreement)

6.9. Sharing a Password/Token to Access MLS or Allowing Unauthorized Use/Access to MLS. Only active members of NNRMLS may access the MLS System, each with his/her authorized login, SafeMLS device and password. This also includes improper use of the MLS by an agent/broker staff member/assistant either with the agent/broker’s password or an approved staff login account. The fine for sharing a system and SafeMLS password, allowing an unauthorized user to access the MLS System, or for unauthorized use by a

staff member/assistant is \$2,500 plus a mandatory Hearing before the Board of Trustees. The DR (responsible broker) will be responsible for fines and/or hearings resulting from misuse by his/her staff member or an agent's assistant with an approved login account. (rev. 1/18/06) (Section 5.A.2)

6.10. Exporting MLS Content for Unauthorized Use or Allowing an Unauthorized Export of MLS Content. The fine for exporting MLS information for unauthorized use or for allowing an unauthorized user to export/retrieve content from the MLS is \$5,000 plus a mandatory Hearing before the Board of Trustees. (Section 12.B.1 & 2)

6.11. Service Re-activation Fee. If for any reason a member's MLS services are suspended, the service re-activation fee is \$50. Services will not be restored until the outstanding obligation and the reactivation fee are paid. (Section 7.F and policy)

6.12. Failure to Make Correction. Failure to make corrections prior to reaching the maximum citation amount will result in immediate suspension of MLS services for the violating member until the correction is made and fine is paid. (policy revised 1/18/06)

6.13. Improper Use of Statistical Ranking Reports. Distribution of ranking reports to any 3rd party to be used by that party for their individual marketing or promotional purposes or member use of agent ranking reports with names of other members for public media marketing without written permission of those members will result in a fine of \$1,000. (policy 02/07)

6.14. Property Re-list. Properties that are re-listed by the same office or firm may be entered into the system as "new" provided the former listing (i.e. MLS #) has been in an off market status for at least 30 days. Listings reactivated by the same office or firm in less than 30 days must be placed "back on market" under the most recent MLS #. Violation of this policy will result in a fine of \$250. (policy 09/07)

NOTE: The above are examples only and may not be inclusive of all possible citations.

Section 7 – Responsibility for Violations and Fines

The violating Member shall have initial responsibility for correcting the Citation and paying all fines. If the violator is a clerical user or unlicensed assistant for a Member or Broker, the responsible Member/Broker shall be responsible for payment of all fines.

Section 8 – Non-Payment Results in MLS Suspension

Failure to pay a fine in accordance with current NNRMLS billing policies (unless an administrative review or a hearing is requested as set forth below) will result in suspension of MLS services of the responsible member. Payment of the fine and the service re-activation fee will be required before MLS services will be reinstated.

Section 9 – Notice of Violation

For purposes of this Policy, **Notice of Violation-Warnings** and **Notice of Citation and Fine Assessments** will be sent to the responsible member (Member) with a copy of the Notice to the responsible Broker Participant (Broker). Notifications are sent via fax and email (if current email address is available).

Section 10 – Calculation of Time Periods

10.1 Receipt of Notices. Receipt of a notification sent by NNRMLS to a member and/or broker will be presumed received on the date mailed, faxed or emailed. Final dates for receipt of replies from the member or broker will be included in all correspondence from NNRMLS.

10.2 Initial Notification and Response. In calculating time periods, the time to submit a response to a *Notice of Violation-Warning* (Level 1 through 3 only) is based on business days (weekends and holidays excluded). Calculation of time begins on the day of notification.

10.3 Calculation of Per Diem Fines. If corrections are not made within the time frame allowed during the Warning period a *Notice of Citation and Fine Assessment* will be sent. The per diem for fines will be calculated on calendar days, beginning the day after the fine notice is sent and accumulating until the correction is made or the maximum amount as noted in the policy is reached.

Section 11 – Due Date For Payment of Fines

Payment of Fines will be in accordance with NNRMLS billing policies. Billing of a Fine to a member's account will not occur until 30 days after the initial Citation and Fine notice was sent to allow for the responsible member to submit a request for Waiver.

Section 12 – Multiple Violations

If a Notice of Violation and Fine Assessment includes multiple violations, fines will be assessed on a per notice basis.

12.1 Multiple Level Violations on the Same Listing. If any specific Notice of Citation and Fine Assessment includes a combination of Level 1 through Level 4 fines, the higher Level rate will be applied. *(Note, this does not preclude another notice of citation in the future for the same MLS number for different or similar violations)*

12.2 Multiple Violations of the Same Level on the Same Listing. If more than one violation in the same Level is cited on a particular citation notice, the amount will not increase on a per violation basis. Example: no listing photo and a non-reported transaction on the same listing would be \$250 total, not \$250 each. *(note, this does not preclude another notice of citation in the future for the same MLS number for different or similar violations)*

Section 13 – Right to Dispute Notice of Violation and Fine Assessment

All members have the right to request a Waiver of any Citation/Fine issued. Should the Waiver be denied, the member shall then be notified of his/her right to a Hearing by the NNRMLS Board of Trustees. The Hearing and Appeal processes will be conducted in accordance with the National Association of REALTORS® Code of Ethics and Arbitration Manual (COEAM). Maximum penalties and additional sanctions that may be added during the hearing process are also in accordance with the (COEAM) and the Multiple Listing Service Handbook.

13.1 Initial Request for Waiver. Requests for Waiver must be submitted in writing within thirty (30) calendar days of the date that the actual fine/citation was issued. Required corrections must be made prior to requesting a waiver of a fine.

13.2 Administrative Panel Review. An administrative panel will review the request and respond with a decision within ten (10) calendar days of receipt of the waiver request. If the request for waiver is denied, general information and all necessary forms to request a hearing will be included in the response. If a Hearing is not requested by the deadline noted in the correspondence, the decision of the Administrative Panel will be final.

13.3 Requesting a Hearing. The member will have twenty (20) calendar days from the date on the waiver denial notification to request a hearing. Requests for a hearing must be submitted on the Hearing Request form and be accompanied by all required forms, including all documentation for review at the hearing. A request for Hearing will not be considered "received" until all required information is complete and properly signed (if applicable).

13.4 Types of Hearings. The member will have the option of selecting either a "documents only" hearing or a personal appearance at the Hearing with the opportunity to bring witnesses, have legal counsel present, etc. Only one option may be selected.

13.5 Make Up of a Hearing Panel. A panel will consist of at least three members of the NNRMLS Board of Trustees.

13.6 Hearing Dates. Hearings will be scheduled monthly; additional dates may be scheduled as needed.

13.7 Receipt of Documentation. Receipt of documentation or correspondence sent by NNRMLS to a member and/or broker will be presumed received on the date mailed, faxed or emailed. Final dates for receipt of replies will be included in all correspondence.

13.8 Decision of Hearing Panel. The responsible Member and/or Broker will be notified of the results of the Hearing within 10 calendar days of the final decision of the Hearing Panel. Hearing Panel decision will include information on the member's right to appeal the decision based on due process and proper procedures. If an appeal is not filed within the required time frame, the decision of the Hearing Panel will be final.

13.9 Right to Appeal the Decision of the Hearing Panel. Upon notification of the decision of a Hearing Panel, the member shall have the right to appeal the decision based only on "Due Process" as defined in the National Association of REALTORS® Code of Ethics and Arbitration Manual (COEAM). A request for appeal must be filed within twenty (20) calendar days of the date on the decision of the Hearing Panel.

Appeals will be referred to the member's local association. If the member is an "MLS Only", the appeal request will be referred to one of the two shareholder associations on a rotating basis. Members requesting an appeal through their local association, or an MLS-Only member who is referred to a shareholder association will be subject to payment of any processing fees charged for the procedure.