

California Regional Multiple Listing Service, Inc.
MLS Citation Policy

The purpose of this citation policy is to ensure the integrity of the MLS including the currency and accuracy of its information. Fines will be issued and processed in accordance with this Citation Policy. The citable offenses and fines are subject to change upon approval of the CRMLS Board of Directors. The Citation Policy is in addition to and does not replace the provisions of Section 14 of the CRMLS MLS Rules and Regulations.

- A. For the purpose of the Fine Schedule, the number of violations will be tracked on a calendar year basis. On the first day of each calendar year the violation count for each MLS member will be reset to zero (0). A Violator shall be entitled to receive two Warning Letters per calendar year. For example, if the Violator's first violation of the year is a Tier One offense, the Violator will receive a Warning Letter. If the Violator's second violation of the year is a Tier Two offense, the Violator will receive a second Warning Letter. If the Violator receives a third violation (in either the Tier One or Tier Two categories), the Violator will receive a fine.
- B. A listing that contains one or more violations of the Citation Policy is considered a violation event for purposes of the Fine Schedule regardless of the category or nature of the violation.
- C. A listing that contains more than one violation on the same day will be treated as a single violation for purposes of the Fine Schedule. Multiple violations that occur on the same day but are reported separately are treated as a single violation.
- D. A violation must be corrected within two (2) business days of notice of violation sent to the Violator and/or Responsible Participant. Receipt of notice is presumed to be the sooner of three (3) business days after mailing or one (1) business day after email or facsimile transmission. Failure to correct a noted violation within the two (2) day time period allotted will result in a new violation for the uncorrected violation with the associated fine for that level of violation. Failure to correct a violation within the two (2) day correction period may also subject a non-conforming listing to removal by the MLS from active display. New violations may be issued for any remaining uncorrected violations until the violations are corrected or the maximum fine is reached as set forth below.

Tier I and Tier II violations and fines will be waived if notice of the violation occurs more than 180 days after the listing has been sold, canceled or expired.

- E. The fine amount is determined by the total number of violations accumulated by each MLS member during a calendar year.
- F. Fines are due within fifteen (15) business days of receipt of a violation notice. Receipt of notice is presumed to be three (3) business days after mailing or one (1) business day after email or facsimile transmission.
- G. If a Violator believes that a violation notice and fine was issued in error, the Violator may request a hearing in accordance to the procedures set out by their Association. Prior to requesting a hearing, the violation must be corrected.
- H. Failure to pay assessed fines may result in suspension of MLS privileges as detailed in Paragraph 17.1 of the MLS Rules and Regulations.
- I. The MLS Committee and/or the Board of Directors reserves the right, at its discretion, to charge a Participant or Subscriber with rules violations by virtue of the hearing process, including the possibility of additional fees or fines, suspension or expulsion, rather than utilizing the citation process. Thus, the below fines may not be all

inclusive. Any Participant or Subscriber who accumulates in excess of 5 (five) violations in one calendar year, unless otherwise specified, may be referred to the MLS Committee and/or the Board of Directors for a review to determine whether or not further discipline and possible suspension of MLS service is warranted.

- J. Reporting of violations will remain confidential.
- K. Effective 01/01/14, MLS fines will be held in abeyance and then waived if the violation is greater than 180 days of the listing being sold, cancelled or expired and the Participant/Subscriber has submitted a correction of the violation to the MLS staff within 30 days notice of the violation. If no correction is received within the 30 day period after then notice, then the fine will be processed by MLS staff.
- L. The violation fine schedule is set forth in the following three Tiers:

Tier One:

First Violation: Warning Letter (only if Violator has not already received two prior Warning Letters)

Second Violation: Warning Letter (only if Violator has not previously received two prior Warning Letters)

Third Violation: Attend Class in Lieu of Fine (if such class offered by AOR/MLS) or \$ 100

Fourth and Subsequent Violations: \$ 300

If such a class is offered by the AOR/MLS and if the Violator opts to attend a compliance training class in lieu of paying the fine for the Third Violation, the Violator will pay a \$50.00 non-refundable one-time fee and complete the course within a 60-day period. The Violator will be given the opportunity for one make-up session only. Failure to complete the make-up session will result in assessment of the full fine amount set forth for a Second Violation.

As set forth in Section D above, violations must be corrected within two (2) business days of notice. Violations which remain uncorrected subject the violator to the imposition of new penalties and removal of the listing from active display.

The maximum accumulated fine for a single violation may not exceed the top amount of \$15,000 allowed by NAR for assessment of financial penalty. If the maximum accumulated fine amount has been assessed and the violation has not been corrected, the Violator's MLS privileges may be suspended until all accumulated fines have been paid and the noted violation has been corrected.

Tier One Offenses are as follows:

1. Non-Completion of Required MLS Orientation Program within Set Time Allowed [*Rule 4.1-4.4 (Participant Requirements)*]
2. Failure of Participant or Subscriber to Notify the MLS of Termination, Transfer, or Addition of Any Clerical Users Affiliated with Participant or Subscriber [*Rule 4.3 (Notice re Clerical Users)*]
3. Failure of Participant to Notify the MLS of Termination, Transfer, or Addition of any Licensees Under Participant's License [*Rule 4.5 (Notice re Licensees)*]
4. Failure to Properly Designate/Correlate License Type [*Rules 4.1.3, 4.2.3 (Redundant Participant/Subscriber Qualifications)*]
5. Failure to Properly Specify Listing Type or Class [*Rules 7.5-7.6 (Listing Type or Class)*]
6. Failure to Update/Change Listing Information [*Rule 7.11 (Change of Listing Information)*]
7. Unauthorized Cancellation/Withdrawal of Listing [*Rule 7.12 (Cancellation/Withdrawal of Listing Prior to Expiration)*]
8. Failure to Provide Complete Listing Information [*Rule 7.14 (Detail on Listings)*]
9. Failure to Offer Unconditional Compensation [*Rule 7.15 (Unilateral Contractual Offer)*]
10. Failure to Comply with Auction Listing Requirements [*Rule 7.18.3 (Auction Listings)*]
11. Failure to Disclose REO Status [*Rule 7.27 (REO Disclosure)*]
12. Failure to Input Accurate Information [*Rule 8.3 (Accuracy of Information; Responsibility for Accuracy)*]
13. Failure to Timely Report Listing Status Changes and Sales [*Rule 10.2 (Reporting of Sales)*]
14. Failure to Timely Report Cancellation of Pending Sale [*Rule 10.4 (Reporting Cancellation of Pending Sale)*]
15. Wrongful Use of Photographs/Use of Photographs on a Listing Without Proper Authorization [*Rule 11.5 (Photos)*]

16. Misuse of Public Remarks; Failure to Limit Public Remarks to Marketing, Description and Condition of the Property [Rule 12.5 (*Use and Misuse of Remarks*)]
17. Unauthorized Use of Term “Sold” [Rule 12.7 (*“Sold” Signs and Use of the Term “Sold”*)]
18. Unauthorized Advertisement of Listing of Another Broker [Rule 12.8 (*Advertising of Listing Filed with the MLS*)]
19. Unauthorized Use of Statistical Reports, Sold Data or Comparable Reports in Advertising [Rule 12.9 (*Limitations on Use of Information in Advertising*)]
20. Failure to Provide Adequate Informational Notice on Print or Non-Print Forms of Advertising or Other Forms of Public Representations [Rule 12.9 (*MLS Information in Advertising*)]

Tier Two:

First Violation: Warning Letter (only if Violator has not already received two prior Warning Letters)

Second Violation: Warning Letter (only if Violator has not previously received two prior Warning Letters)

Third Violation: \$250

Fourth and Subsequent Violations: \$500

As set forth in Section D above, violations must be corrected within two (2) business days of notice. Violations which remain uncorrected subject the violator to the imposition of new penalties and removal of the listing from active display.

The maximum accumulated fine for a single violation may not exceed the top amount of \$15,000 allowed by NAR for assessment of financial penalty. If the maximum accumulated fine amount has been assessed and the violation has not been corrected, the Violator's MLS privileges may be suspended until all accumulated fines have been paid and the noted violation has been corrected.

Tier Two Offenses are as follows:

1. Failure to Comply with "Certification of Nonuse" (back fees owing under Certification to be cumulatively added to citation amount) [Rule 5.1.6 (*Certification of Nonuse*)]
2. Failure to Input a Required Listing; Failure to Disclose Known Additional Property Owner Information [Rule 7.8 (*Mandatory Submission*)]
3. Failure to Provide Signed Seller Exemption; Failure to Submit Compliant Signed Seller Exemption [Rule 7.9 (*Exempted Listings*)]
4. Entry of a Listing as New after Withdrawn without a New or Amended Listing Contract [Rule 7.11 / 7.22 (*Change of Listing Information*)]
5. Failure to Disclose Interest by a Broker Participant or R.E. Subscriber in the Subject Listing [Rule 7.20 (*Broker/Agent as Principal*)]
6. Failure to Remove Expired Listing; Failure to Obtain Seller's Written Authorization before Extension/Renewal [Rule 7.22 / 7.11 (*Expiration, Extension and Renewal of Listings*)]
7. Failure to Disclose Dual Variable Commission [Rule 7.25 (*Dual /Variable Rate Commissions*)]
8. Prohibited Co -Listing [7.3 (*Co-Listing*)]
9. Failure to Provide Appropriate Written Documentation of Listing [Rule 8.2 (*Written Documentation*)]
10. Failure to Correct Incomplete or Inaccurate Information after MLS Notification [Rule 8.3 (*Accuracy & Correction*)]
11. False Representations; Failure to Abide by True Picture Standard of Conduct [Rule 12.10 (*False or Misleading Advertising and Representations*)]
12. Violation of Competency Standard [Rule 12.21 (*Participant and Subscriber Standards of Conduct*)]
13. Failure to Provide Authorized Lockbox [Rule 13.6 (*Lockbox Type Requirements*)]
14. Failure to Timely Remove Lockbox after COE or Expiration/Cancellation of Listing [13.9 (*Lockbox Removal*)]

Tier Three:

First Violation: \$1,000

Second and Subsequent Violations: \$2,500

As set forth in Section D above, violations must be corrected within two (2) business days of notice. Violations which remain uncorrected subject the violator to the imposition of new penalties and removal of the listing from active display.

The maximum accumulated fine for a single violation may not exceed the top amount of \$15,000 allowed by NAR for assessment of financial penalty. If the maximum accumulated fine amount has been assessed and the violation has not been corrected, the Violator's MLS privileges may be suspended until all accumulated fines have been paid and the noted violation has been corrected.

Tier Three Offenses are as follows:

1. Failure to obtain sellers authority to list in MLS [Rule 8.1 (*Listing Agreement and Seller's Permission*)]
2. Failure to be Present when Providing Access to a Listed Property to Buyers and Potential Buyers [Rule 9.9 (*Presence of Participant or Subscriber*)]
3. Failure to timely notify of DRE or OREA adverse action [Rule 12.1 (*Notification of California Department of Real Estate (DRE) or California Office of Real Estate Appraisers (OREA) Action*)]
4. Unauthorized Use of MLS Information [Rule 12.11 (*Use of MLS Information*)]
5. Unauthorized Sharing of MLS Information and Pass Codes; Use of MLS by Unauthorized Party [Rule 12.12 (*Confidentiality of MLS Information*)]
6. Unauthorized Clerical User Access and Use of MLS Information [Rules 12.12.1 (*Clerical Users*)]
7. Misuse of Reproduction of MLS Information [Rule 12.15 (*Reproduction*)]
8. Sharing the MLS compilation or portion thereof with any third party vendor not authorized by the MLS [Rules 12.11 (*Use of MLS Information*), 12.12 (*Confidentiality of MLS Information*) and 12.15 (*Reproduction*)]
9. Unauthorized Reproduction of Confidential Fields and Information [Rule 12.15.2 (*Confidential Fields*)]
10. Unauthorized Compilation Downloading or Transmission of Data; Failure to Restrict Access to Authorized Party [Rule 12.15.4 (*Downloading onto Computers*)]
11. Misuse of MLS Data on Public Website; Violation of IDX Rules [Rule 12.16 (*Use of Active Listing Information on the Internet*)]
12. Misuse of MLS Data on Public Website; Violation of VOW Rules [Rule 19 (*VOW*)]
13. Unauthorized Sharing of Lockbox Key [Rule 13.2 (*Key Use and Service*)]
14. Failure to Account for Lockbox Key [Rule 13.4 (*Deemed Unaccountable*)]
15. Failure to Obtain Seller's Permission to Place a Lockbox [Rule 13.5 (*Written Authority*)]
16. Unauthorized Entrance into a Listed Property; Failure to Follow Showing Instructions [Rule 13.7 (*Listing Broker's Permission*)]
17. Failure to Report Lost or Stolen Lockbox Keys [Rule 13.8 (*Unaccountable Keys*)]