

APPENDIX C – COMPLIANCE PROCEDURES

Categories of Violations

In accordance with Section 7 of the Rules, Unlock MLS categorizes violations of the Rules as follows:

1. Category 1 violation means a rule infraction relating to any listing information provided by a participant or subscriber. Any field within the listing that can be accessed to add/edit/alter.
2. Category 2 violation means a rule infraction relating to mandatory submission of listings to the service.
3. Category 3 violation means a rule infraction relating to any IDX and VOW display rules.
4. Category 4 violation means a rule infraction relating to listing copyright violations, lockbox, buyer relationship rules, and prohibitions on cooperative compensation.
5. Category 5 violation means a rule infraction relating to misuse of MLS data/tools and unauthorized MLS access.

The following are the specific procedures for compliance enforcement for each category, and a detailed list of the violations for each category.

Requested Hearings and Appeals

Participants and Subscribers may contest assessment of a violation and request a hearing before the MLS Compliance Committee in accordance with Section 7.2 of the Rules. Participants and Subscribers may appeal the determination of the MLS Compliance Committee to the Unlock MLS Board of Directors as described in Section 7.5 of the Rules.

Reservation of Rights

Nothing in the Unlock MLS Rules and Regulations, including Appendix C, shall be construed as precluding the Unlock MLS's Board of Directors from pursuing any legal action.

CATEGORY 1

Category 1 violations are considered correctable violations of the Rules. Category 1 violations are tracked on a per-subscriber per-category basis (i.e., all violations of any Category 1 rule are aggregated) each for an annual period which resets on January 1 each year.

Category 1 Compliance Procedures

The following are the compliance procedures for Category 1:

Courtesy Notices – A Courtesy Notice will be issued when a violation is reported or identified; Courtesy Notices will identify a correction period of one (1) business day. Subscribers will receive up to three (3) Courtesy Notices for all Category 1 violations per year. If the violation is corrected within the allowable timeframe, that particular violation will not escalate. Brokers/Licensed Supervisor will be copied on all Courtesy Notices.

Warning – A formal written Warning will be issued for the fourth violation of Category 1 rules in a year, or failure to correct within the stated amount of time after a Courtesy Notice; Warnings will identify a correction period of two (2) business days. If the violation is corrected within the allowable timeframe, that particular violation will not escalate. Any subsequent violations of a Category 1 rule, or failure to correct in the stated amount of time, will trigger Escalating Monetary Penalties. Brokers/Licensed Supervisor will be copied on all Warnings.

Escalating Monetary Penalties – The Escalating Monetary Penalty process will apply for the fifth violation of a Category 1 rule in a year, or due to failure to failure to correct in the stated amount of time after a Warning. Fines will be issued and escalate over any year as follows:

First monetary penalty:	Required Workshop (\$100 fine incurred if Workshop not completed within 45 days)
Second monetary penalty:	Fine of \$200 to \$250 + Mandatory Hearing with Broker/Licensed Supervisor in attendance
Three or more monetary penalties:	Fine of \$500
Failure to pay a fine:	Fines are to be paid by the due date stated on the invoice, Net 15. Unpaid fines may result in suspension of service.

Note: **Fine ranges** indicate that the MLS Compliance Committee will determine the amount of the fine to be issued at the Mandatory Hearing.

Workshop – Upon a Subscriber's fifth Category 1 violation of any Category 1 rule in a year, the Subscriber must take a Required Workshop, the focus of which is intensive MLS rules compliance training. The Required Workshop must be completed within forty-five (45) days, otherwise a \$100 fine will be assessed.

Mandatory Hearing – Upon a Subscriber's sixth Category 1 violation in a year, a Mandatory Hearing with the MLS Compliance Committee occurs automatically. The MLS Compliance Committee will conduct the hearing and assess sanctions in accordance with the Rules. The hearing must be attended by the Subscriber along with their Broker/Licensed Supervisor.

Category 1 Rules

The following are categorized as Category 1 rules; violations of these rules are processed in accordance with the Category 1 compliance procedures. Any violation of the Unlock MLS Rules and Regulations not specifically addressed by Category 2, 3, 4, or 5 will be deemed to be a Category 1 violation and processed accordingly.

Rule #	Title
2.3	Limited Representation
2.4	Timing of Submission
2.4(1)	Late Submission of Listing
2.10	Listing in Multiple Sections of the MLS
2.11 (first paragraph)	Listing Detail – Accuracy of Listing Data
2.11(1)	Listing Detail – Directions
2.11(2)	Listing Detail – Public Remarks
2.11(3)	Listing Detail – Private Remarks
2.11(4)	Listing Detail – Duplicate MLS Areas
2.11(5)	Listing Detail – Non-Unlock MLS Member Inclusion
2.12	Property Addresses
2.13	Seller's Name and Contact Information
2.14	Population of Tax IDs
2.15	Digital Images
2.16	Non-Branded Virtual Tour Hyperlinks (URL)
2.17	Non-Branded Community Hyperlinks (URL)

Rule #	Title
2.18	Submission of Open Houses
2.19	Short Sales
2.20	Submission of Changes in Listings
2.20(1)	Late Reporting Of Pending Status
2.20(2)	Late Reporting of Sold Status
2.20(3)	Pending Over 4 Months
2.21	Available for Showing
2.23	Listing Multiple Unit Properties
2.25	Listings of Suspended, Expelled, and Resigned Participants
2.26	Fair Housing
3.3	Disclosure of Combinations
3.3(1)	Keeping Pin Code With Keypad
3.4	Non-duplicative Keys
3.5	Source of Keys
4.5	Disclosure by Participant or Subscriber of Interest
4.7	For Sale Signs
4.8	Sold Signs

CATEGORY 2

For Category 2 violations, the Courtesy Notice and Monetary Penalty are issued on a per-subscriber per-listing basis, Escalating Consequences are tracked per-subscriber on a total category basis for an annual period which resets on January 1 each year.

Category 2 Compliance Procedures

The following are the compliance procedures for Category 2:

Courtesy Notices and Monetary Penalty – Subscriber will be issued the following Courtesy Notice and Monetary Penalty for each listing that violates the Category rule.

Courtesy Notice: A Courtesy Notice will be issued when a violation is reported or a potential violation of Category 2 is identified. The Courtesy Notice will request documentation to confirm whether a listing is a required property type that must be entered into the MLS database. The listing Subscriber must submit seller's signed certification to exclude the listing from dissemination via the MLS within two (2) business days of the Courtesy Notice. Broker/Licensed Supervisor will be copied on all Courtesy Notices. Failure to respond to a Courtesy Notice will trigger Escalating Consequences.

Monetary Penalty: If a violation is confirmed and the listing is not entered in the MLS database, the Monetary Penalty of \$100 will be assessed for a Category 2 violation per listing.

Failure to pay a fine: Fines are to be paid by the due date stated on the invoice, Net 15. Unpaid fines may result in a suspension of service.

Escalating Consequences – If a violation is resolved after the courtesy notice and any Monetary Penalty paid within the allowable timeframe, then no further compliance action will occur. The following Escalating Consequences are tracked for all Category 2 violations left unresolved (i.e., notices not responded to, fine not paid) per year.

Reminder Notices: A Reminder Notice will be issued if the listing Subscriber fails to timely comply with a Category 2 Courtesy Notice. Reminder Notices will identify a correction period of two (2) business days; if not corrected, the violation will continue to escalate. Subscriber may receive up to two (2) Reminder Notices for Category 2 violations per year. Broker/Licensed Supervisor will be copied on all Reminder Notices.

Warning: After two (2) Reminder Notices, a formal written Warning will trigger; Warnings will identify a correction period of two (2) business days; if not corrected, the violation will continue to escalate. Subscriber will receive one (1) Warning for Category 2 violations per year. Broker/Licensed Supervisor will be copied on all Warnings.

Workshop: After one (1) Warning, for a subsequent Category 2 violation, Subscriber must take a Required Workshop, the focus of which is intensive MLS rules compliance training. The Required Workshop must be completed within forty-five (45) days in order to avoid triggering a Mandatory Hearing.

Mandatory Hearing: A Mandatory Hearing with the MLS Compliance Committee occurs automatically after Subscriber has been issued two (2) Reminder Notices, one (1) Warning, and the Required Workshop for Category 2 rule violations. The MLS Compliance Committee will conduct the hearing in accordance with the

Rules and may assess additional monetary sanctions of up to \$500. The hearing must be attended by the Subscriber along with their Broker/Licensed Supervisor.

Note: Fine range indicates that the MLS Compliance Committee will determine the amount of the fine to be issued at the Mandatory Hearing.

Category 2 Rule

The following is categorized as a Category 2 rule; violations of this rule are processed in accordance with the Category 2 compliance procedures described above.

Rule #	Title
2.5	Clear Cooperation

CATEGORY 3

Category 3 violations are tracked per-subscriber per-category basis (i.e., all violations of any Category 3 rule are aggregated) for an annual period which resets on January 1 each year.

Category 3 Compliance Procedures

The following are the compliance procedures for Category 3:

Warning – A formal written Warning will be issued when a violation is reported or identified; Warnings will identify a correction period of ten (10) business days. If the violation is corrected within the allowable timeframe, that particular violation will not escalate. If the violation is not corrected within the aforementioned period, this violation will be treated as a second violation. Subscribers may receive only one (1) Warning for violation of any Category 3 rule per year. A second violation of any Category 3 rule will trigger the First Monetary Penalty. A third violation of any Category 3 rule will trigger the Second Monetary Penalty, which includes a Mandatory Hearing. Any subsequent violations will trigger the Third or More Monetary Penalties. Broker/Licensed Supervisor will be copied on all Warnings and notices of Escalating Monetary Penalties.

Escalating Monetary Penalties – The Escalating Monetary Penalty process after 1 Warning has issued, or due to failure to correct in the stated amount of time. Fines will be issued and escalate as follows:

First monetary penalty: Required Workshop (\$100 fine incurred if Workshop not completed within 45 days)

Second monetary penalty: Fine of **\$250 to \$500** + Mandatory Hearing with Broker/Licensed Supervisor in attendance

Third or more monetary penalties: Fine of \$1,000

Failure to pay a fine: Fines are to be paid by the due date stated on the invoice, Net 15. Unpaid fines may result in suspension of service.

Note: **Fine ranges** indicate that the MLS Compliance Committee will determine the amount of the fine to be issued at the Mandatory Hearing.

Workshops – On the second violation within Category 3 and after one Warning, a Subscriber must take a Required Workshop, the focus of which is intensive MLS rules compliance training. The Required Workshop must be completed within forty-five (45) days, otherwise a \$100 fine will be assessed.

Mandatory Hearing - A Mandatory Hearing with the MLS Compliance Committee occurs automatically after one (1) Warning and one (1) Monetary Penalty have been issued and a Category 3 violation occurs a third time. The MLS Compliance Committee will conduct the hearing and assess sanctions in accordance with the Rules. The hearing must be attended by the Subscriber along with their Broker/Licensed Supervisor.

Suspension of Services – The MLS Compliance Committee may consider and issue a suspension of MLS services, which may last for up to 3 months in duration, at any Mandatory Hearing.

Category 3 Rules

The following are categorized as Category 3 rules; violations of these rules are processed in accordance with the Category 3 compliance procedures.

Rule #	Title
Appendix A	IDX Policy
Appendix B	VOW Policy
8.15	Brokerage Back Office Feed

CATEGORY 4

Category 4 violations are tracked per-subscriber per-category basis (i.e., all violations of any Category 4 rule are aggregated) for an annual period which resets on January 1 each year.

Category 4 Compliance Procedures

The following are the compliance procedures for Category 4:

Warning - A formal written Warning will be issued when a violation is reported or identified; Warnings will identify a correction period of two (2) business days. If the violation is corrected within the allowable timeframe, that particular violation will not escalate. Subscribers may receive up to two (2) Warnings for violation of any Category 4 rule per year. A third violation of any Category 4 rule will trigger a Mandatory Hearing and Escalating Monetary Penalties. Broker/Licensed Supervisor will be copied on all Warnings and notices of Escalating Monetary Penalties.

Mandatory Hearing - A Mandatory Hearing with the MLS Compliance Committee occurs automatically after two (2) Warnings and a Category 4 violation occurs a third time. The MLS Compliance Committee will conduct the hearing and assess sanctions in accordance with the Rules. The hearing must be attended by the Subscriber along with their Broker/Licensed Supervisor. The count of violations required for a Mandatory Hearing will reset annually after the calendar year.

Escalating Monetary Penalties – The Escalating Monetary Penalty are as follows :

Third or more violation: **Fine of \$500 to \$15,000** + Mandatory Hearing with Broker/Licensed Supervisor in attendance

Failure to pay a fine: Fines are to be paid by the due date stated on the invoice, Net 15. Unpaid fines may result in suspension of service.

Note: Fine ranges indicate that the MLS Compliance Committee will determine the amount of the fine to be issued at the Mandatory Hearing.

Suspension of Services – The MLS Compliance Committee may consider and issue a suspension of MLS services, which may last for up to 6 months in duration, at any Mandatory Hearing.

Termination of Services – The MLS Compliance Committee may consider and terminate MLS services for a Participant or Subscriber for a duration of 1 – 3 years for any repeat appearances requiring a Mandatory Hearing within a year.

Category 4 Rules

The following are categorized as Category 4 rules; violations of these rules are processed in accordance with the Category 4 compliance procedures described above.

Rule #	Title
1.5	MLS Passwords
2.2	Accepted Listing Types
2.6	Required Seller Disclosures
2.7	Exempt Listings
2.8	Form of Submission
2.11(6)	Compensation to Buyer's Broker Prohibited
2.11(7)	Listing Detail URL field
2.11(8)	Seller contribution field
2.21	Withdrawal of Listings
2.21(1)	Failure To Report Sold Data
3.1	Preferred Lockboxes
3.2	MLS-Approved Lockboxes
4.1	Prospective Buyer Disclosures and Buyer Agreements
4.2	Negotiations and Presentation of Offers
4.3	Right to Be Present at Presentation of Offer

Rule #	Title
4.4	Right to Be Present at Presentation of Counter-Offer
4.6	Disclosing the Existence of Offers
4.9	Services advertised as "Free"
4.10	Non-Filtering of Listings
5.1	No Offers of Compensation Permitted in the Service
5.2	No Reporting of Compensation
5.3	Display of Listing Broker's Offer of Compensation
5.4	No Support of Compensation Platforms
6.4	Participant's Complaint of Unauthorized Use of Listing Content
6.5	Participant's Remedies
8.7	No Soliciting Listings Included in the MLS

CATEGORY 5

Category 5 violations are tracked per-subscriber per-category basis (i.e., violations of any Category 5 rule are aggregated).

Category 5 Compliance Procedures

The following are the compliance procedures for Category 5:

Staff assessment - When a Category 5 violation is reported or identified, MLS staff will determine if the execution of the Participant/Subscriber Use Declaration ("remedial action") is appropriate given the circumstances of the violation. For the first violation if remedial action is appropriate, then MLS staff will implement the remedial action and the violation will not escalate. If remedial action is not appropriate and for second and subsequent violations, then MLS staff will refer the matter to the MLS Compliance Committee for a Mandatory Hearing.

Mandatory Hearing - A Mandatory Hearing with the MLS Compliance Committee will be conducted (i) upon referral from MLS staff when no remedial action is appropriate, or (ii) automatically upon the second or subsequent Category 5 violation. The MLS Compliance Committee will conduct the hearing and assess sanctions in accordance with the Rules. The hearing must be attended by the Subscriber along with their Broker/Licensed Supervisor.

Penalties - The MLS Compliance Committee will determine the penalty for the violation, which may include the following or any combination thereof: Monetary Penalties, Workshops, Suspension of Services, or Termination of Services.

Category 5 Rules

The following are categorized as Category 5 rules; violations of these rules are processed in accordance with the Category 5 compliance procedures described above.

Rule #	Title
1.1	Eligibility
1.1(1)	MLS Access By a Non-Participant, Subscriber, Appraiser
1.1(2)	Misuse of MLS Database of MLS Tool
1.1(3)	Unauthorized Use of a Keypad
1.1(4)	Unauthorized Use Of MLS Tools
8.1	Disclosure of Listings Only to Participants and Subscribers
8.1(1)	Improper Use Of Listing
8.2	Limited Permitted Use of Listing Content
8.3	Permitted Use of Sold Data
8.4	Permitted Disclosure
8.5	Obligation to Control
8.6	Prohibition on Commercialization
8.8	Limited Permitted Use for Appraisers
8.9	Access by Authorized Assistants