

# MLS Penalty Policy

## Summary of Penalty Process

Potential violations of the MLS Rules and Regulations are reported to or by NAAR staff in a variety of ways. A Subscriber may report a potential violation using the “Report an Error” link located on each listing, or through other means of communication. NAAR may require that verbal or phone reports be reduced to writing before action is taken. Additionally, NAAR staff may find potential violations by randomly checking listings or by researching listings due to another violation that has been reported. Not all violations will incur a penalty, as described herein.

## Initiators of Alleged Violations:

Alleged violations of the MLS Rules and Regulations must be made in writing and may be initiated by:

- a. Member(s) of NAAR
- b. NAAR Staff

Violations may also be reported through the on-line MLS system using the tools available there for reporting violations.

## **Categories of Alleged Violations:**

If a violation occurs, it will fall into one of the following categories:

Category 1: Non-Penalty Violations for the 1<sup>st</sup> violation

Category II: Including, but not limited to failure to input listings within 72 hours (this is not CCP), failure to provide information upon request from NAAR, and minor Supra lockbox violations

Category III: Including, but not limited to, and failure to make an appointment with listing brokerage, adhering to confirmed appointment and time, and removal of keys from property.

Category IV: Including, but not limited to, Unauthorized use of Flexmls Login Information and unauthorized use of eKEY

Category V: Violation of New Construction Rules

## **Clear Cooperation Policy:**

Within one (1) business day\* of marketing a property to the public, the listing broker must submit the listing to the MLS for cooperation with other MLS participants. Public marketing includes, but is not limited to, flyers displayed in windows, yard signs, digital marketing on public facing websites, brokerage website displays (including IDX and VOW), digital communications marketing (email blasts), multi-brokerage listing sharing networks, and applications available to the general public.

*\*Business days exclude Saturdays, Sundays and holidays. The NAR MLS Advisory Board specifically revised the policy's time frame due to concerns with enforcement to provide greater flexibility for days when submitting the listing to the service could be a challenge. For consistency among all REALTOR® Association MLSs, the approved time frame is 1 business day; "holidays" include all recognized federal and state holidays.*

**Exemptions:** Commercial, Rental, Multi-Family, New Construction, and Land listings

**Office Exclusives:** Allowed, but public marketing is not permitted

**Coming Soon:** NAAR does not have a Coming Soon status

## What is Considered Advertising:



### **\*Non-Penalty Violations (correctable violations) Category I**

Non-Penalty Violations are primarily factual errors that lead to inaccurate listing data and often affect other fields or calculations within the listing. These violations do not incur a penalty. Some examples of Non-Penalty violations include, but are not limited to, the following:

<b>Rule</b>	<b>Infraction</b>
Types of Property	Incorrect Property Type
Data Accuracy	Incorrect Square Footage (assessor attributed)
Data Accuracy	Incorrect Dwelling Type
Data Accuracy	Incorrect Assessor Number
Data Accuracy	Incorrect Lot Size Ranges (assessor attributed)
Data Accuracy	Incorrect Selling Agent
Disclosures	Failure to disclose Owner-Agent
Disclosures	Failure to disclose construction options (i.e. lot premium and finishes) will increase price)

**\*Note:** Additional violations of the same offense by the same individual, whether a

Participant or Subscriber will result in a fine.

When one of the Non-Penalty Violations listed above is alleged, the NAAR staff will make the correction immediately where applicable. Staff will send a notice of the correction made, by email only, to the Subscriber with copy to the Participant. If staff is unable to make the correction, an email will be sent to the Subscriber notifying them that they have 48 hours to correct the violation. If the violation is not corrected within 48 hours, a Non-Compliance fine in the amount of \$100 will be assessed.

### **Penalty Violations**

Penalty Violations are those that cannot be corrected by staff. Examples of such violations include, but are not limited to, the following:

<b>Rule</b>	<b>Infraction</b>
Types of Property	Late entry of a new listing <b>(category II)</b> <b><i>(must be entered into the MLS with 72 hours of fully executed contract)</i></b>
Access Credentials	Allowing MLS access to Non-Subscribers <b>(category IV)</b>
Access Credentials	Unauthorized use of Subscriber's User ID and Password. <b>(category IV)</b>
Full Participation	Non-Subscribing Licensee – Penalty imposed on Participant, if found. <b>(category II)</b>
Listing Agreement	Active Listing without valid listing agreement <b>(category II)</b>
Accuracy	Incorrect Sales Price Data <b>(category II)</b>
Accuracy	Misuse of Data with Intent to Mislead <b>(category II)</b> <b><i>(e.g. showing property as closed (to skew production) when listing was cancelled or withdrawn)</i></b>
Media Violation	Contact information in any Media <b>(category II)</b>
Media Violation	Unauthorized copied media (category II) <b><i>(e.g. copying photos from another agents listing without permission)</i></b>

Photo Submission	Failure to submit photo or rendering <i>of actual property</i> within allowed period <b>(category II)</b> .
Listing Status	All Incorrect Listing Statuses <b>(category II)</b> <b>(72 hours to update listing to reflect current status)</b>
Advertising	Advertising the Listing of another Broker without permission <b>(category II)</b>
Prohibitions	Unauthorized Distribution of Data <b>(category III)</b>
Remarks	Inappropriate use of remarks fields (e.g. violations of fair housing, safety issues, security, contact information, and compensation disclosures or discussions) <b>(category III)</b>
Reproduction	Unauthorized duplication or reproduction of compilation <b>(category III)</b>

### **Lockbox and Electronic Key Violations and Fines**

Violations involving Electronic Keys and Lockboxes are more serious in nature and fall into a separate category. Examples of such violations are as follows:

#### **Rule Section: Lockbox**

##### **Category II**

**Infraction:** Disclosure of code(s) in Public Remarks

**Infraction:** Failure to REMOVE lockbox within 48 hours of property closing

**Infraction:** Failure to use the endorsed Supra Keybox on properties listed in NAMLS

##### **Category III**

**Infraction:** Failure to return key(s) to lockbox within 24 hours of accidentally removing key(s) from property

##### **Category IV**

**Infraction:** unauthorized removal and distribution of key(s) to property BEFORE property closes

**\*Fine for violating the following rules will apply to both the Keyholder and User**

**Infraction:** Unauthorized use of Supra eKEY by another key subscriber\*

**Infraction:** Unauthorized use of Supra eKey by licensee who is not a key subscriber\*

**Infraction:** Unauthorized use of Supra eKEY by non-licensee

## **Penalty and Increments**

Penalties are levied for violations listed under the Penalty Violations category based on the cumulative number of violations sent to the Agent within the most recent six (6) months. Penalties associated with each increment of violations are as follows:

### **Clear Cooperation Policy Violation**

1st offense: \$150

2nd offense: \$200

3rd offense: \$250

### **Category I Violation**

**1st Violation:** electronic letter of warning (copy to broker), \$0 fine assessed. .

**Additional violations of the same offense by the same individual:**

2<sup>nd</sup> \$100

3<sup>rd</sup> \$150

### **Category II Violation**

1<sup>st</sup> \$150

2<sup>nd</sup> \$200

3<sup>rd</sup> \$250

### **Category III Violation**

1<sup>st</sup> \$500

2<sup>nd</sup> \$550

3<sup>rd</sup> \$600

### **Category IV Violation**

1<sup>st</sup> \$2000

2<sup>nd</sup> \$2500

3<sup>rd</sup> 90-day suspension of Supra service

### **Category V Violation**

1<sup>st</sup>: written notice

2<sup>nd</sup>: \$150 per listing/per day for the first 14 days. Not to exceed \$15,000

3<sup>rd</sup>: ALL uncorrected listings will be deactivated until correct info is sent to the NAAR office for correction at a fee of \$50 per listing

*Fines for all categories will increase by \$50 for each additional occurrence to a maximum of \$500 for Categories I & II, and \$1200 for Category III. Thereafter, fines shall be as determined by the NAAR Board of Directors.*

## **EXAMPLES OF VIOLATIONS**

Media Violation: Contact information in any media



Unauthorized Copied Media



**MLS#155555**

**Status: Sold, Cancelled or Withdrawn**



**MLS #156555**

**Status: New Listing**

Photo Submission: Failure to submit photo or rendering of actual property (*primary photo must be of property*)

