

MLS Fine Policy

Summary of Fine 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.

SECTION 1 - 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:

- a. Non-Penalty Violations
- b. Penalty Violations
- c. Lockbox and Electronic Key Violations

SECTION 2 – Non-Penalty Violations

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:

Rule

Types of Property

Data Accuracy

Data Accuracy

Data Accuracy

Data Accuracy

Disclosures

Disclosures

Infraction

Incorrect Property Type

Incorrect Square Footage (assessor attributed)

Incorrect Dwelling Type

Incorrect Assessor Number

Incorrect Lot Size Ranges (assessor attributed)

Failure to disclose Owner-Agent

Failure to disclose construction options (i.e. lot premium and finishes) will increase price

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.

SECTION 3 - Penalty Violations

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

Rule	Infraction
Types of Property	Late Entry of a New Listing (must be entered 72 hours full executed contract)
Access Credentials	Allowing MLS access by unauthorized person(s)
Access Credentials	Unauthorized use of Subscriber's User ID and password.
Full Participation	Non-subscribing Licensee – Penalty imposed on Participant if found.
Listing Agreement	Active Listing without Valid Listing Agreement
Accuracy	Incorrect Sales Price Data
Accuracy	Misuse of Data with Intent to Mislead Example: show property as closed (to skew production) when listing was cancelled or withdraw.
Duplicate Listings	Duplicate Listing by same Agent/Broker
Media Violation	Contact information in any media Example:



Rule

Media Violation

Infraction

Unauthorized copied media

Example:



MLS#155555

Status: Sold, Cancelled or Withdrawn



MLS #156555

Status: New Listing

Photo Submission

Failure to submit photo or rendering **of actual property** within 72 hours.
(primary photo must be of property)



Listing Status

All Incorrect Listing Statuses
72 hours to change status



\$539,000 - Active

263 Fairy Tale Way
Flagstaff, AZ 86001

Remarks: Sold! Thank you Jack for getting this sold

Advertising

Advertising the Listing of Another Broker

	without permission
Prohibitions	Unauthorized Distribution of Data
Remarks	<p>Inappropriate use of remarks fields (e.g. violations of fair housing, safety issues, security, contact information, and compensation disclosures or discussions)</p> <p>Example: FH: walking distance to park Safety: saying house vacant in public remarks Security: code to lockbox in public remarks Contact info in any field that goes out to the public: call Jack 928-555-5555 for more info.</p>
Reproduction	Unauthorized duplication or reproduction of compilation

When one of the violations listed above is found the NAAR staff will send a notice of violation, by email only, to the Agent with copy to the Broker. Staff will make the correction immediately where applicable. If the violation found is not correctable by staff, the notice of violation will require the Agent to make the correction by the due date stated in the notice (7 days). If the violation remains on the eighth day, after the violation notice is sent, a subsequent violation shall be deemed to have occurred and the process will repeat. When multiple violations are found in the same listing, they shall be treated as one violation and the most severe penalty available for any of the individual violations shall apply. When multiple listings for the same Agent are found or reported within short and reasonable period of time (e.g. one week), each listing shall be treated as an individual violation, however all shall be subject to the same incremental level of fine or penalty.

SECTION 4 – 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:

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

2nd Violation: \$75 fine assessed.

3rd Violation: \$150.00 fine assessed.

4th Violation: \$225.00 fine assessed

The penalty schedule is per offense. Fines are billed to the Broker, and are due within 10 (ten) days of fine being assessed.

SECTION 5 – 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:

Auto Y/N	Rule Section	Infraction
Yes	Lockbox	Removal of Key from Property/Failure to return key
Yes	Lockbox	Carrying PIN with Lockbox Key or inside case
Yes	Lockbox	Carrying PIN on Lockbox Key
7.3		Unauthorized use of Lockbox Key (allowing key to be used by another key-subscriber) (First offense is \$300)
Yes	7.3 – Lockbox	Unauthorized use of Lockbox Key (allowing key to be used by licensee who is not a key-subscriber) (First offense is \$500 and 30 days suspension)
Yes	7.3 – Lockbox	Unauthorized use of Lockbox Key (allowing key to be used by non- licensee) (First offense is \$1000 and 30 days suspension)
Yes	7.4 – Lockbox	Disclosure of lockbox code(s) In Public Remarks \$75.00
No	7.5 – Lockbox	Failure to Remove Lockbox Within 72 hours of property closing \$75.00
Yes	7.7 – Lockbox	Special consideration of failure to comply with section 7.7

Lockbox and Electronic Key Violations are all considered Automatic except as noted above which will be considered Minor Violations. However, the number of violations and the severity of the penalties for each incremental violation are governed by a separate schedule. Unless otherwise indicated in the table of violations above, the fines for Lockbox/Key violations are as follows:

First Violation - \$300

Second and subsequent Violations – Minimum of \$1000 up to a maximum of \$15,000 and/or suspension from MLS and/or Lockbox system for a minimum of 30 days and up to a maximum of one year

Section 6 – Notice Process

For all violations, a notice will be sent to the listing Subscriber and the MLS Participant of the Subscriber.

For **Non-Penalty** and **Penalty Violations**, notice will be sent only by email to the email address on file with NAAR. However, if the email is returned undeliverable or when a Subscriber does not have a valid, working (including if the returned message states the Subscriber's email account is full), or current email address on file with NAAR the written notice will be sent via the US Postal Service to the office addresses on file with NAAR.

For **Lockbox and Electronic Key Violations** a written notice will be sent by both email and US Postal Service to the office addresses on file with NAAR.

For **Minor** lockbox violations, if the violation is corrected by the Subscriber before the due date stated in the Violation Notice (5 days), a fine will not be imposed. If the violation is not corrected within the five day period on the sixth day, a fine is imposed and an invoice for the fine amount is sent. Furthermore after the fine amount is sent and the violation remains a subsequent violation shall be deemed to have occurred and the process will repeat.

Failure to maintain a current and accurate email address, home postal mailing address, or office postal address on file with NAAR will not exempt any Subscriber from having been sent notice, nor may the absence of a current and accurate mailing address of any kind be used as the grounds for appeal.

All invoices sent to Subscribers for violations of the Rules shall be due to be paid in full 10 days from the date of the invoice. The actual due date shall be included on the invoice.

For suspensions due to repeat violations of Rule Section 7 (Lockbox and/or Access System) violations, for reasons other than failure to pay a fine, the MLS Committee shall be informed of the infraction, the violation history of the Subscriber (only to the extent that supports the calculation of the current penalty level), and any other pertinent factual

information regarding the incident, and shall determine the duration of suspension that is warranted. The MLS Committee will make recommendation to the Board of Directors for an appropriate discipline and the Board of Directors shall make the final determination of the discipline as outlined in this Penalty Policy.

Notices required under this Policy shall be delivered according to Section 9 of the Rules and Regulations, which reads in part as follows:

9.1 Any notices required or permitted by these Rules to be sent by NAAR may be sent by either of the following two methods.

9.1.1 By e-mail to either the e-mail address on file in the NAAR Roster Database or via internal e-mail delivery through the MLS system. Electronic messages are instantaneous. Therefore, Notice shall be deemed to have been constructively delivered at the time the e-mail message is sent to the recipient.

9.1.2 By U.S. Postal Service (“USPS”) mail to a postal address on file for a Subscriber or Participant at the postal address shown for the Participant’s office in the NAAR Roster Database. Notice shall be deemed to have been constructively delivered two (2) USPS Service Days after being deposited in the USPS system for delivery.