

# MLS Rules & Citation Policy

**Spokane REALTORS® Multiple Listing Service**

**SPOKANE**  **REALTORS®**



*August 2024*

## **Spokane Association of REALTORS® MLS RULES AND CITATION POLICY**

To ensure the integrity of the MLS and the MLS database, SAR has established this MLS Citation Policy in accordance with Section 9 of the MLS Rules and Regulations. This policy is not all-inclusive, may not reflect Violations of the Code of Ethics, and does not replace Professional Standards Enforcement. Fines will be issued in accordance with this Rules and Citation Policy, subject to change by SAR. Unless otherwise specifically provided herein, the definitions contained in the MLS Rules and Regulations are incorporated in this MLS Citation Policy by reference.

### **Identifying Violations**

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

1. Participants or subscribers; and
2. MLS Steering Committee acting on behalf of the membership.

Participants/subscribers may report violations by:

1. Correction link on Paragon for Tier 1 Violations;
2. Submitting a complaint in writing to the MLS Steering Committee for Tier 2 and Tier 4 Violations.
  - Violation reports must be in writing, dated, signed, and include the following information:
    - ✓ Name and office of the alleged Violator
    - ✓ Property Address
    - ✓ MLS Number
    - ✓ Nature of the Violation (specific facts and clear statement of rule or policy violated)
    - ✓ Name and contact information of reporting person (will remain confidential)

### **Notice of Violation and Fines**

Upon discovering a Violation or receiving a report of a Violation, the MLS will send a written *Notice of Violation and Fines* to the Violator and, if the Violator is a subscriber, a copy of the *Notice of Violation and Fines* to the Participant.

### **Correction of Violation**

All noticed Violations, except for Tier 4 Violations, must be corrected and written confirmation of the correction must be delivered to the MLS Administrator within the Correction Period. A Violator who is unable to correct the Violation during the Correction Period may verbally request the Participant or the SAR Office make the correction to the listing and provide the MLS a written permission statement by the next business day. If the Violation is a Tier 4 Violation, then the MLS will correct the violation and the *Notice of Violation and Fines* delivered to the Participant or subscriber will describe the corrective action taken (e.g., what data was deleted from the listing).

### **Additional Fine Periods**

Failure to correct a noticed Violation within the Correction Period results in assessment of a fine as if a second Violation. Failure to correct a noticed Violation within the Additional Fine Periods will result in assessment of fines as if a third and subsequent Violation. Additional Fine Period fines are assessed for each Additional Fine Period until the Violation is corrected or the maximum fine is reached (see Fine Schedule).

### **Tiered Violations and Escalating Fine Levels**

There are four tiers of Violations with corresponding fine levels based on the type of rule violated and the impact or potential harm the Violation causes. Fines are assessed and escalate based on the tier level, the number of Additional Fine Periods before the Violation is corrected, and the number of Violations noticed to the Violator within the Tracking Period (see Fine Schedule). Fines are the responsibility of the Violator. Fines are due within twenty (20) calendar days of billing.

### **Suspension of MLS Privileges**

Failure to pay assessed fines may result in suspension of MLS privileges pursuant to the MLS Rules and Regulations, Section 7.1. If the maximum accumulated fine amount has been assessed and the Violation has not been corrected, the Violator's MLS privileges may be suspended for no less than thirty (30) days and up to one (1) year if the Violation remains uncorrected and accumulated fines have not been paid. Pursuant

to Section 5.1 of the MLS Rules and Regulations, the use of MLS data or data feeds by a Participant to directly or indirectly establish or maintain a platform to make offers of compensation from multiple brokers to buyer brokers or other buyer representatives will result in the termination of that Participant's access to any MLS data or data feed.

### **SAR Listing Deletion**

SAR reserves the right, but is not obligated, to delete a listing that contains a Violation if a *Notice of Violation and Fines* is given and correction is not made within the Correction Period.

### **Twelve Month Tracking Period**

Except for Tier 4 Violations, Violations are tracked on a 12-month basis, commencing on the Receipt Date of the Violator's first *Notice of Violation and Fines* and ending on the last day of the twelfth month thereafter ("Tracking Period"). The Violation count is reset to zero on the anniversary of the Violator's first *Notice of Violation and Fines*. Tier 4 Violations accrue on a per Participant or per subscriber basis and per offense basis (not per listing) and the count for Tier 4 Violations do not reset to zero at any time.

### **Multiple Violations in a Listing**

A listing containing more than one Violation on the same day is treated as a single Violation, regardless of the category or nature of the Violation, and is subject to the fine applicable to the highest or most severe Violation.

The following reports of violations of the MLS Rules and Regulations must be corrected by the next business day of receipt of *Notice of Violation and Fines*:

### **Violations and Fines**

#### **TIER 1 Violations of MLS Data – erroneous, misleading, incomplete, or inaccurate listing information.**

- a) Failure to report status reports by the next business day (i.e. contingent, pending, sold, released) (Sections 1.6, 1.7, 1.9, 2.5, 2.5.1, 2.6, 2.8)
- b) Failure to upload Exhibit A on all properties as an Associated Doc within next business day of listing being input - policy
- c) Failure to designate a Limited Service or MLS Entry Only Listing as such (Sections 1.3.1 and 1.3.2)
- d) Improper use of Public Remarks section or Public Handout report (i.e. contact information, agent or company URL, email address, agent names or showing instructions) (Section 1.3)
- e) Improper use of Virtual Tours (Section 1.14)
- f) Improper use of Cancel and Re-list policy
- g) Improper classification of property (i.e. Manufactured home listed as residential site built) (Section 1.3)
- h) Incomplete listings (i.e. wrong area, incomplete address, etc.) (Section 1.3)
- i) Copying any listing content (includes but not limited to photographs, images, graphics, audio and video recordings, virtual tours, drawings, descriptions, remarks, narratives, pricing information and other details or information related to listed property) of another Listing Participant without expressed written permission) (Section 11)
- j) Unauthorized extension (Section 1.12)
- k) Lockbox Violation (Section 1.20)
- l) Failure to make required compensation disclosures (Section 5.1)
- m) Advertising other Participant's listings without prior written permission (Section 2.7)
- n) Where the cooperating broker is not present during the presentation of the offer, the cooperating broker can request in writing, and the listing broker must provide, written affirmation stating that the offer has been submitted to the seller, or written notification that the seller has waived the obligation to have the offer presented. (Section 2.3)
- o) Termination Date (Section 1.13)
- p) Providing MLS information to brokers or firms that do not participate in MLS; Violation of for sale and sold sign rules and Unauthorized Solicitation of Seller (Sections 4, 4.1 and 4.3)
- q) Failure to disclose status as a principal or purchaser (Sections 5.5 and 5.6)

**Tier 1 Violation Fines:**

First Violation - (\$0 if timely corrected) not timely correct	\$500
• Second Violation	\$1,000
• Third and Subsequent Violations	\$1,500
Uncorrected Violation	\$1,000
1 <sup>st</sup> Additional Fine Period	
2 <sup>nd</sup> and Subsequent Additional Fine Periods	\$2,000
Maximum accumulated fine for a single Violation	\$4,500
Additional Violations after maximum fine reached	MLS Suspension*
Failure to pay fines	MLS Suspension*

\*Suspension is for no less than thirty (30) days nor more than one (1) year

**TIER 2 Violations of the proprietary nature of the MLS Data – unauthorized dissemination of MLS data to include IDX and VOW displays.**

Sharing all or any portion of the MLS compilation with any third party vendor not authorized by the MLS (Section 12 [Use of MLS information]; Section 10 [Confidentiality of MLS information], and Section 12.2 [Reproduction]) and Section 18 [Internet Data Exchange (IDX)] and 19 [Virtual Office Websites (VOWs)]).

**Tier 2 Violation Fines:**

First Violation	Up to \$5,000 & Possible 120 day Suspension
Subsequent Violations	Professional Standards Committee disciplinary action
Failure to Comply	Professional Standards Committee disciplinary action

**TIER 3** A “Tier 3” violation means that the offense is considered “very serious” and constitutes a knowing disregard of the MLS Rules and Regulations.

- Failure to enter a listing by the next business day of signatures and marketing begins (Section 1.1) and no MLS Exempt Listing Form (“office exclusive”) has been provided pursuant to Section 1.4.
- The listing is entered into the MLS within said 90 day period pursuant to Section 1.4:

**Tier 3 Violation Fines:**

First Violation	\$1,000
Second Violation	\$5,000
Third Violation	\$10,000
Fourth and each Subsequent Violation	\$5,000
Failure to Pay Fines	MLS Suspension*

\*Suspension is for no less than thirty (30) days nor more than one (1) year

**TIER 4** A “Tier 4” violation occurs if a Participant, subscriber, or its seller makes an offer of compensation to buyer brokers and other buyer representatives in the MLS. This includes, without limitation, disclosing in any way the total commission negotiated between the seller and the listing broker, compensation offered by the seller or listing broker to buyer brokers and other buyer representatives, or the total broker compensation (i.e. combined compensation to both listing brokers and buyer brokers.) The MLS will correct a Tier 4 Violation. The *Notice of Violation and Fines* delivered to the Participant will describe the corrective action taken (e.g., what data was deleted from the listing). Tier 4 Violations accrue on a per Participant or per subscriber basis and per offense basis (not per listing) and the count for Tier 4 Violations do not reset to zero at any time.

**Tier 4 Violation Fines:**

First Violation	None with Warning for 2 <sup>nd</sup> Violation
Second Violation	\$500
Third Violation	\$5,000
Fourth Violation	\$10,000
Failure to Pay Fines	MLS Suspension*

\*Suspension is for no less than thirty (30) days nor more than one (1) year

### **Request for Administrative Review**

Within twenty (20) calendar days of the Receipt Date of the *Notice of Violation and Fines*, the Violator may submit a *Request for Administrative Review*. Within sixty (60) calendar days of the Receipt Date of the *Request for Administrative Review*, the MLS Steering Committee will review the Violation and send a written *Notice of Decision* to the Violator. The decision of the MLS Steering Committee is final. Unless withdrawn, the Violation must be corrected within one (1) business day of the Receipt Date of the *Notice of Decision*, and the fine is due and payable as required by the *Notice of Decision*.

### **Request for Hearing**

Within twenty (20) calendar days of the Receipt Date of the *Notice of Violation and Fines*, the Violator may submit a written *Request for Hearing* before the Professional Standards Committee and a hearing will be conducted according to the procedures established by the *Code of Ethics and Arbitration Manual* of the SAR.

### **Filing Complaints**

When requested by a complainant, MLSs must provide a process for processing complaints without revealing the complainant's identity. If the complaint is forwarded to hearing, then the MLS Committee, Grievance Committee, MLS staff or other representative must serve as the complainant when the original complainant does not consent to participating in the process or the disclosure of his or her name.

### **Administrative Sanctions**

In any instance where a Participant in an Association Multiple Listing Service is charged with a violation of the MLS Rules and Regulations of the service, and such charge does not include alleged violations of the Code of Ethics or a request for arbitration, the MLS may impose administrative sanctions. Recipients of an administrative sanction may request a hearing before the professional standards committee of the association.

MLS Participants and subscribers can receive no more than three (3) administrative sanctions in a calendar year before they are required to attend a hearing for their actions and potential violations of MLS rules, except that the MLS may allow more administrative sanctions for violations of listing information provided by Participants and subscribers before requiring a hearing. The MLS must send a copy of all administrative sanctions against a subscriber to the subscriber's Participant and the Participant is required to attend the hearing of a subscriber who has received more than three (3) administrative sanctions within a calendar year.

### **Appeals and Hearing Options**

If the Participant refuses to accept any sanction or discipline proposed, the circumstances and the discipline proposed shall be appealed to the Board of Directors of the Association which shall, if it deems the finding of violation proper and the sanction appropriate to the offense, delay the effective date of sanction until final entry by a court of competent jurisdiction in a suit filed by the Association for declaratory relief, except in those states where declaratory relief is not available, declaring that the disciplinary action and proposed sanction violates no rights of the MLS Participant. If the MLS Steering Committee has a procedure established to conduct hearings, the decision of the MLS Steering Committee may be appealed to the Board of Directors of the Association.

Alleged violations of the Code of Ethics or the Standards of Conduct for MLS Participants shall be referred to the Association's Grievance Committee for processing in accordance with the professional standards procedures of the Association. If the charge alleges a refusal to arbitrate, such charge shall be referred directly to the Board of Directors of the Association.

## Definitions

Violation	Omission of required data in an MLS listing; inclusion of data in an MLS listing that is inaccurate, misleading, prohibited, inconsistent with the intent of or not in compliance with the provisions of the MLS Rules and Regulations; unauthorized dissemination of MLS data.
Violator	Subscriber who has entered a listing not in compliance with MLS Rules and Regulations.
Responsible Participant	Violator or his/her employing Participant.
Tracking Period	Twelve (12) months commencing on the Receipt Date of the Violator's first <i>Notice of Violation and Fines</i> and ending on the last day of the twelfth month thereafter.
Notice Date	Date appearing on the <i>Notice of Violation and Fines</i> .
Receipt Date	Two (2) business days after mailing or one (1) business day after courtesy telephone call and email or facsimile transmission.
Correction Period	Commencing on Receipt Date and ending at 11:59 p.m. on the first business day after the Receipt Date.
Additional Fine Period	Each three calendar day period following expiration of the Correction Period until the Violation is corrected.

## MLS Schedule of Fines for Administrative Sanctions

	MLS Rules	Fine 1 <sup>st</sup> Violation	Fine 2 <sup>nd</sup> Violation	Fine 3 <sup>rd</sup> & Subsequent Violations
<b>Listing Procedures</b>				
Failure to submit a required listing to the MLS <b>Tier 3</b>	Section 1 – Listing Procedures, Section 1.01 – Clear Cooperation, Section 1.4 – Exempted Listings	<b>\$1,000</b>	<b>\$5,000</b>	<b>\$10,000*</b>
Failure to submit accurate and complete listing information <b>Tier 1</b>	Section 1.3.1 – Limited Service Listings, Section 1.3.2 – MLS Entry-only Listings, Section 1.3 – Detail on Listings Filed with the Service, Section 1.12 – Expiration, Extension and Renewal of Listings, Section 1.13 – Termination Date, Section 1.14 – Submission of Virtual Tours	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500**</b>
Failure to report and update listing information <b>Tier 1</b>	Section 1.6 – Change of Status of Listing, Section 1.7 – Withdrawal of Listing Prior to Expiration, Section 1.8 – Contingencies Applicable to Listings, Section 1.9 – Listing Price Specified, Section 2.5 – Reporting Sales to the Service, Section 2.6 – Reporting Resolutions of Contingencies, Section 2.8 – Reporting Cancellation of Pending Sale	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500**</b>
Failure to use an approved electronic LBX <b>Tier 1</b>	Section 1.21 – Lock Box System	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500**</b>
<b>Selling Procedures</b>				
Failure to present an offer or provide written confirmation of an offer being submitted <b>Tier 1</b>	Section 2.1 – Presentation of Offers, Section 2.2 – Submission of Written Offers and Counter- Offers, Section 2.3 – Right of Cooperating Broker in Presentation of Offer, Section 2.4 – Right of Listing Broker in Presentation of Counter Offer,	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500**</b>
Advertising a listing without authority <b>Tier 1</b>	Section 2.7 – Advertising of Listings Filed with the Service	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500**</b>
Providing MLS information to brokers or firms that do not participate in MLS <b>Tier 1</b>	Section 4 – Information for Participants Only	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,500**</b>

	<b>MLS Rules</b>	<b>Fine 1st Violation</b>	<b>Fine 2nd Violation</b>	<b>Fine 3rd &amp; Subsequent Violations</b>
Unauthorized solicitation of seller <b>Tier 1</b>	Section 4.3 – Solicitation of Listing Filed with the Service	\$500	\$1,000	\$1,500**
Offer of compensation to buyer brokers and other buyer representatives in the MLS <b>Tier 4</b>	Section 5 – No Compensation Specified on MLS Listing	\$0	\$500	\$5,000***
Failure to make required compensation disclosures <b>Tier 1</b>	Section 5.1 – Required Consumer Disclosure on Compensation	\$500	\$1,000	\$1,500**
Failure to disclose status as a principal or purchaser <b>Tier 1</b>	Section 5.5 – Participant as Principal, Section 5.6 – Participant as Purchaser	\$500	\$1,000	\$1,500**
<b>Confidentiality of MLS Information</b>				
Misuse or unauthorized distribution of MLS content <b>Tier 2</b>	Section 10 – Confidentiality of MLS Information, Section 12 – Distribution, Section 12.1 – Display, Section 12.2 – Reproduction, Section 13 – Limitations on Use of MLS Information	Up to \$5,000 & possible suspension	PSC Disciplinary Action	PSC Disciplinary Action
<b>Orientation</b>				
Internet Data Exchange (IDX) - Tier 2 Violations – up to \$5,000 and possible suspension				PSC Disciplinary Action
Virtual Office Websites - Tier 2 Violations – up to \$5,000 and possible suspension				PSC Disciplinary Action
	<b>MLS Policies</b>	<b>Fine 1st Violation</b>	<b>Fine 2nd Violation</b>	<b>Fine 3rd &amp; Subsequent Violations</b>
<b>Tier 1</b>	Failure to upload Exhibit A as an Associated Doc within the next business day of input	\$500	\$1,000	\$1,500**
<b>Tier 1</b>	Improper Use of Cancel/Re-List Policy	\$500	\$1,000	\$1,500**
<b>Tier 1</b>	Active No Show Policy	\$500	\$1,000	\$1,500**

**Tier 1 \$1,500\*\***

Uncorrected Violation – 1<sup>st</sup> Additional Fine Period - \$1,000  
 – 2<sup>nd</sup> and subsequent Additional Fine Periods – \$2,000

Maximum accumulated fine for a single Violation - \$4,500

Additional Violations after maximum fine reached – MLS Suspension\*

Failure to pay fines – MLS Suspension\*

\*Suspension is for no less than thirty (30) days nor more than one (1) year



**Tier 3 \$10,000\***

Fourth and each subsequent Violation – \$5,000

Failure to pay fines – MLS Suspension\*

\*Suspension is for no less than thirty (30) days nor more than one (1) year

**Tier 4 \$10,000\*\*\***

Fourth Violation – \$10,000

Failure to pay fines – MLS Suspension\*

\*Suspension is for no less than thirty (30) days nor more than one (1) year