

## **APPENDIX C – COMPLIANCE PROCEDURES**

### **Categories of Violations**

In accordance with Section 7 of the Rules, ACTRIS categorizes infractions 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 related 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, misuse of MLS data/tools, unauthorized MLS access, and offers of cooperative compensation.

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

### **CATEGORY 1**

Category 1 infractions are considered correctable violations of the Rules. Category 1 infractions are tracked on a per subscriber per rule basis (i.e., only violations of the same Category 1 rule are aggregated) each for a rolling calendar period which starts on the date of the first Warning, and resets twelve (12) months later.

#### *Category 1 Compliance Procedures*

The following are the compliance procedures for Category 1:

**Courtesy Notices** – A Courtesy Notice will be issued when an infraction 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 per rule violation. If the violation is corrected within the allowable timeframe, that particular violation will not escalate. After three (3) notices for a violation, or a failure to correct within the stated amount of time, for the same Category 1 rule, a Warning will trigger. Brokers/Licensed Supervisor will be copied on all Courtesy Notices.

**Warning** – A formal written Warning will be issued for a particular infraction after the allowable number of Notices has been reached for a reported or identified for the particular rule; 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 will receive one (1) Warning per each Category 1 rule. Any subsequent infractions of a particular 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 when the allowable number of Warnings have been reached, or due to failure to failure to correct in the stated amount of time. Fines will be issued and escalate accordingly within a rolling one (1) year period of time:

- |                          |   |
|--------------------------|---|
| First monetary penalty:  | Required Workshop (\$100 fine incurred if Workshop not completed within 45 days)                |
| Second monetary penalty: | Fine of <b>\$200 to \$250</b> + Mandatory Hearing with Broker/Licensed Supervisor in attendance |

Three or more monetary penalties: Fine of \$500

Failure to pay a fine: If fines are not paid within the time stated on the notice, then the fine will transfer to the Broker/Licensed Supervisor. For fines that remain unpaid each additional ten (10) days will double; unpaid fines are permitted two (2) additional increases, and then a Mandatory Hearing is triggered for non-payment.

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

**Workshop** – On a repeat violation of the same rule, after three Courtesy Notices and one Warning, a Subscriber must take a Required Workshop, the focus of which shall be intensive MLS rules compliance training. The Required Workshop must be completed within forty-five (45) days in order to avoid a fine, otherwise a \$100 fine will be assessed. If fines are not paid within the time stated on the notice, then the fine will transfer to the Broker/Licensed Supervisor. For fines that remain unpaid each additional ten (10) days will double; unpaid fines are permitted two (2) additional increases, and then a Mandatory Hearing is triggered for non-payment.

**Mandatory Hearing** - A Mandatory Hearing with the MLS Compliance Committee occurs automatically after three (3) Courtesy Notices, one (1) Warning, and two (2) Monetary Penalties have issued for the same Category 1 rule 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. The count of violations required for a Mandatory Hearing reset after one (1) rolling year.

### 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.

Rule #	Title
2.3	Limited Representation
2.4	Timing of Submission
2.4(1)	Late Submission of Listing
2.6	Service Area
2.10	Listing in Multiple Sections of the MLS
2.11	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

Rule #	Title
2.11(4)	Listing Detail – Duplicate MLS Areas
2.11(5)	Listing Detail – Non-ACTRIS Member Inclusion
2.11(6)	Incorrect Parcel Identification (PID)
2.11(7)	Incorrect Sold Information
2.12	Seller's Name and Contact Information
2.13	Population of Tax ID's
2.14	Digital Images
2.15	Non-Branded Virtual Tour Hyperlinks

Rule #	Title
2.16	Non-Branded Community Hyperlinks
2.17	Submission of Open Houses
2.18	Short Sales
2.19	Submission of Changes in Listing
2.19(1)	Late Reporting Of Pending Status
2.19(2)	Late Reporting Of Sold Status
2.19(3)	Pending Over 4 Months
2.20	Available for Showing
2.22	Listing Multiple Unit Properties

Rule #	Title
2.24	Listing of Suspended, Expelled, and Resigned Participants
2.25	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

\*Any violation of the ACTRIS MLS Rules and Regulations not specifically addressed by Category II, III or IV will be deemed to be a Category I violation and processed accordingly.

## CATEGORY 2

For Category 2 infractions, 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 a rolling calendar period which starts on the date of the first Reminder Notice and resets twelve (12) months later.

### *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 an infraction is reported or identified of a potential Category 2 violation. The Courtesy Notice will request documentation to confirm whether or not 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. Brokers/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. If the fine is not paid within the time stated on the notice, then the fine will transfer to the Broker/Licensed Supervisor. For fines that remain unpaid for an additional ten (10) days will double; unpaid fines are permitted two (2) additional increases, and then a Mandatory Hearing is triggered for non-payment.

**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) on a rolling calendar period and reset as described below.

*Reminder Notices:* A Reminder Notice will be issued if the listing Subscriber fails to timely respond to the Courtesy Notice; Reminder Notices will identify a correction period of two (2) business days; if not corrected, the violation will continue to escalate. Subscriber will receive up to two (2) Reminder Notices for Category 2 violations for the rolling calendar period. Brokers/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 for the rolling calendar period. Brokers/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 shall be 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 is processed in accordance with the Category 2 compliance procedures described above.

Rule #	Title
2.5	Clear Cooperation

## CATEGORY 3

Category 3 infractions are considered serious violations of the Rules. Category 3 infractions are tracked per subscriber on a total category basis (i.e., violation of any Category 3 rule is aggregated) for a rolling calendar period which starts on the date of the first Warning, and resets twelve (12) months later.

### *Category 3 Compliance Procedures*

The following are the compliance procedures for Category 3:

**Warning** – A formal written Warning will be issued when an infraction is reported or identified; Warnings will identify a correction period of ten (10) business days if the violation can be corrected. If the violation is corrected within the allowable timeframe, that particular violation will not escalate. Subscribers will receive only one (1) Warning for violation of any Category 3 rule. A second infraction of any Category 3 rule, or failure to correct in the stated amount of time, will trigger Escalating Monetary Penalties. A third infraction of any Category 3 rule, or failure to correct in the stated amount of time, will trigger Escalating Monetary Penalties and a Mandatory Hearing. Brokers/Licensed Supervisor will be copied on all Warnings.

**Escalating Monetary Penalties** – The Escalating Monetary Penalty process will apply when the allowable number of Warnings have been reached, or due to failure to correct in the stated amount of time. Fines will be issued and escalate accordingly within a rolling one (1) year period of time:

First monetary penalty:	Required Workshop (\$150 fine incurred if Workshop not completed within 45 days)
Second monetary penalty:	Fine of <b>\$250 to \$500</b> + Mandatory Hearing with Broker/Licensed Supervisor in attendance
Three or more monetary penalties:	Fine of \$1,000
Failure to pay a fine:	If fines are not paid within the time stated on the notice, then the fine will transfer to the Broker/Licensed Supervisor. For fines that remain unpaid each additional ten (10) days will double; unpaid fines are permitted two (2) additional increases, and then a Mandatory Hearing is triggered for non-payment.

*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 a repeat violation of the same rule, after three Courtesy Notices and one Warning, a Subscriber must take a Required Workshop, the focus of which shall be intensive MLS rules compliance training. The Required Workshop must be completed within forty-five (45) days in order to avoid a fine, otherwise a \$150 fine will be assessed. If fines are not paid within the time stated on the notice, then the fine will transfer to the Broker/Licensed Supervisor. For fines that remain unpaid each additional ten (10) days will double; unpaid fines are permitted two (2) additional increases, and then a Mandatory Hearing is triggered for non-payment.

**Mandatory Hearing** - A Mandatory Hearing with the MLS Compliance Committee occurs automatically after one (1) Warning and one (1) Monetary Penalty have 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. The count of violations required for a Mandatory Hearing reset after one (1) rolling year.

**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 within a rolling one (1) year period of time.

### *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	Non-Compliance Of IDX Policy
Appendix B	Non-Compliance Of VOW Policy

## CATEGORY 4

Category 4 infractions are considered the most serious violations of the Rules. Category 4 infractions are tracked per subscriber on a total category basis (i.e., violation of any Category 4 rule is aggregated) for a rolling calendar period which starts on the date of the first Warning, and resets twelve (12) months later.

### *Category 4 Compliance Procedures*

The following are the compliance procedures for Category 4:

**Warning** - A formal written Warning will be issued when an infraction is reported or identified; Warnings will identify a correction period of two (2) business days if the violation can be corrected. If the violation is corrected within the allowable timeframe, that particular violation will not escalate. Subscribers will receive up to two (2) Warnings for violation of any Category 4 rule. A third infraction of any Category 4 rule, or failure to correct in the stated amount of time, will trigger a Mandatory and Hearing Escalating Monetary Penalties. Brokers/Licensed Supervisor will be copied on all Warnings.

**Mandatory Hearing** - A Mandatory Hearing with the MLS Compliance Committee occurs automatically after two (2) Warnings have issued 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 reset after one (1) rolling year.

**Escalating Monetary Penalties** – The Escalating Monetary Penalty process will apply when the allowable number of Warnings have been reached, or due to failure to correct in the stated amount of time. Fines will be issued and escalate accordingly within a rolling one (1) year period of time:

First monetary penalty:	Required Workshop (\$500 fine incurred if Workshop not completed within 45 days)
Second monetary penalty:	<b>Fine of up to \$15,000</b> + Mandatory Hearing with Broker/Licensed Supervisor in attendance
Three or more monetary penalties:	<b>Fine of \$500 to \$15,000</b> + Mandatory Hearing with Broker/Licensed Supervisor in attendance
Failure to pay a fine:	If fines are not paid within the time stated on the notice, then the fine will transfer to the Broker/Licensed Supervisor. For fines that remain unpaid each additional ten (10) days will double; unpaid fines are permitted two (2) additional increases, and then a Mandatory Hearing is triggered for non-payment.

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

**Required Workshop** – The Required Workshop, the focus of which is intensive rules compliance training, will be required for the Subscriber for the first penalty, and also required for Subscribers and their Broker/Licensed Supervisor upon receiving a second penalty. A Workshop must be completed within forty-five (45) days. Failure to attend the Mandatory Workshop will trigger additional penalties and could lead to a Mandatory Hearing with Broker/Licensed Supervisor present.



**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 within a rolling one (1) year period of time.

**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 rolling one (1) year period of time.

### 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
1.1	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
1.5	MLS Passwords
2.2	Accepted Listing Types
2.8	Form of Submission
2.7	Exempt Listings
2.21	Withdrawal of Listings
2.21(1)	Failure To Report Sold Data
3.1	Preferred Lockboxes
3.2	MLS-Approved Lockboxes
4.1	Negotiations
4.2	Presentation of Offer
4.3	Right to Be Present at Presentation of Offer
4.4	Right to Be Present at Presentation of Counter-Offer
4.6	Disclosing the Existence of Offers

Rule #	Title
5.1	Specify Offer of Cooperative Compensation
5.2	Form of Offer of Cooperative Compensation
5.3	Conditional Offer of Compensation
5.4	Other Compensation
5.5	Dual of Variable Rate Commission Agreement
5.6	Adjusting Cooperative Compensation
5.7	Compliance with Offer of Cooperative Compensation
6.4	Participant’s Complaint of Unauthorized Use of Listing Content
6.5	Participant’s Remedies
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
8.3(1)	Improper Use Of Sold Data
8.4	Permitted Disclosure
8.5	Obligation of Control
8.6	Prohibition on Commercialization

Rule #	Title
8.7	No Soliciting Listings Included in the MLS
8.8	Limited Permitted Use for Appraisers Access by Authorized Assistants
8.9	Access by Authorized Assistants

## **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 ACTRIS Board of Directors as described in Section 7.5 of the Rules.