



Rules and Regulations

Midwest Real Estate Data

MRED Quick Reference Guide

TRAINING REGISTRATION

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SECTION 1: LISTING PROCEDURES

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Midwest Real Estate Data accepts listings of real properties, which are listed by a licensed real estate broker and are located within the combined territorial jurisdiction of the Associations/Boards that Midwest Real Estate Data provides services to, and in the State of Illinois and beyond this jurisdiction at the option of the Listing Broker, which shall be placed into Midwest Real Estate Data's MLS (hereinafter referred to as the "Service") within 72 hours after either all necessary signatures of Seller(s) possessing title to the real property have been obtained or the real estate broker advertises the real property to the general public through a website, whichever is earlier. Accepted property types are:

- Property Type 1: Detached Single Family - Detached Dwelling Unit with a Real Estate Tax Identification Number (PIN)
- Property Type 2: Attached Single Family - Attached Dwelling Unit with a Real Estate Tax Identification Number (PIN)
- Property Type 3: 2-4 Units - 2-4 Dwelling Units with a Real Estate Tax Identification Number (PIN)
- Property Type 4: Mobile Home - Any Dwelling Unit or Mobile Home with a Vehicle Identification Number (VIN). Note: If the dwelling unit is to be transferred with real estate, the Real Estate Tax Identification Number (PIN) shall be included on the listing input sheet
- Property Type 5: Vacant Land - Vacant (including residential tear-downs)/Farms (including farm buildings and commercial)
- Property Type 6: Residential Rental Unit - Residential Dwelling Unit Available for Rent/Lease
- Property Type 7: Deeded Parking Spaces/Boat Slips
- Property Type 8: International Property Listing
- Property Type 11: Commercial-Multi-Family - 5+ Units
- Property Type 12: Commercial – Office/Tech
- Property Type 13: Commercial –Business only or with Real Estate Estate/Confidential Listings
- Property Type 14: Commercial – Retail/Stores
- Property Type 15: Commercial Mixed Use
- Property Type 16: Commercial –Institutional and/or To Develop
- Property Type 17: Commercial –Industrial

See Section 1(b) for details on Exclusive Brokerage Agreements

SECTION 1(a): PARTICIPATION

Any REALTOR® of an Association /Board that Midwest Real Estate Data LLC provides services to, who is a principal, partner, corporate officer or branch office manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in these Rules & Regulations, shall be eligible to participate in the Service upon agreeing in writing to conform to the Rules and Regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to Service "membership" or "participation" unless they hold a current, valid real estate broker's license and offer or accept compensation to and from other Participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by the Service is strictly limited to the activities authorized under a Participant's licensure(s) or certification and unauthorized use(s) are prohibited. A **licensed** leasing agent shall not engage in any licensed activities other than those permitted by law. No persons working on a 120 day leasing agent permit shall be eligible to participate in the Service. Further, none of the foregoing is intended to convey "participation" or "membership" or any right of access to information developed by or published by the Service, where access to such information is prohibited by law.

Note: Mere possession of a broker's license is not sufficient to qualify for Service Participation. Rather, the requirement that an individual or firm 'offers or accepts cooperation and compensation' means that the Participant actively endeavors during the operation of its real estate business to list real property of the type listed on the Service and/or to accept offers of cooperation and compensation made by listing brokers or agents in the Service. "Actively" means on a continual and on-going basis during the operation of the Participant's real estate business. The "actively" requirement is not intended to preclude Service participation by a Participant or

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potential Participant that operates a real estate business on a part time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny Service participation to a Participant or potential Participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit the Service to deny participation based on the level of service provided by the Participant or potential Participant as long as the level of service satisfies state law.

The key is that the Participant or potential Participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the Service in which participation is sought. This requirement does not permit a Service to deny participation to a Participant or potential Participant that operates a Virtual Office Website ("VOW") (including a VOW that the Participant uses to refer customers to other Participants) if the Participant or potential Participants actively endeavors to make or accept offers of cooperation and compensation. A Service may evaluate whether a Participant or potential Participant "actively endeavors during the operation of its real estate business" to "offer or accept cooperation and compensation" only if the Service has a reasonable basis to believe that the Participant or potential Participant is in fact not doing so. The membership requirement shall be applied on a non-discriminatory manner to all Participants and potential Participants.

Notwithstanding the above, licensed and non-licensed appraisers will have access to the Service with the following privileges: Search Active Database, Search Off-Market Database, Search Tax Records, Area Market Survey Search, Custom Reports, Financial Tools, and Hot sheets.

Additionally, the foregoing does not prohibit the Service, at its discretion, from categorizing non-principal brokers, sales licensees, licensed and certified appraisers and any other classification of real estate license, however limited in scope, as promulgated from time to time by the Illinois Department of Financial and Professional Regulation and its divisions there under in the State of Illinois, and others affiliated with a Service Participant including a Participant's affiliated unlicensed administrative and clerical staff, personal assistants, and individuals seeking licensure or certification as real estate appraisers, provided that any such individual is under the direct supervision of a Participant or the Participant's licensed designee, as "Users" or "Participants" and holding such individuals personally subject to the Rules and Regulations, the payment of applicable fees and charges, and other governing provisions of the Service and the limitations and restrictions of state law, and to discipline violations thereof. None of the foregoing shall diminish the Participant's ultimate responsibility for ensuring compliance with the Rules and Regulations of the Service by all individuals affiliated with the Participant. Access to MRED systems is determined solely by compliance with MRED's Systems Access Policy. All non-principal brokers, sales licensees, licensed and certified appraisers and any other classification of real estate license affiliated with a Participant will be required to pay MRED Service fees or be in violation of these Rules and Regulations (see Section 6 and Section 9.7.1). Where applicable, the term "User" shall be interchangeable with "Participant".

A listing placed into the Service must be displayed in the Service compilation in the proper property type according to its zoning, and in the area designated for that location. The property address shall be used to designate the property area.

A listing with residential zoning shall only be placed under one of the residential property types unless the listing is both for sale and rent, in which case the listing may also be entered under the residential rental category.

A listing with both residential and commercial use or zoning must first be placed in the appropriate commercial property type, and then may be placed in the appropriate residential property type.

A vacant residential lot may not be placed in property type 1 - "Detached Single Family" (except for lots with specific plans and price for a "to-be-built" structure). Proposed construction must be disclosed in the Remarks section.

Tear-down properties are permitted to be placed in both property type 1-Detached Single Family and property type 5-Land. The sale may only be reported on one of the properties, and the other must be marked as cancelled or expired.

Type 1-Detached Single Family properties with an additional adjacent lot(s) having separate Parcel ID Numbers (PINs) may be input as type 1-Detached Single Family and property type 5-Land. An additional listing of the combined adjacent properties, designated as having multiple PINs, may also be entered. This would require that, upon closing, the listing(s) corresponding to the method of sale (either individual parcel(s) or the combined adjacent properties) may be marked as closed, and all others listed must be marked as cancelled or expired.

Homesteads larger than 11 acres are allowed to have multiple appearances in the Service database. A homestead (buildings and land transferred together) on a farm, including multiple homesteads and a farm, that is segregated for sale from a homestead of greater than 10 acres exclusive of the homestead may list the property in Property Type 1 and/or Property Type 5 Vacant Land.

Multi-property packages (e.g., investor portfolios and packages of listings that are not available for purchase individually) are strictly prohibited from entry into the Service.

SECTION 1(b): EXCLUSIVE BROKERAGE AGREEMENTS

The Service only accepts property listings subject to an "Exclusive Right to Sell", "Exclusive Right to Lease" or "Exclusive Agency" brokerage agreement for listings of real property located within the United States. For business only listings, the Service will accept a contract between the broker and their client which provides for the Broker's exclusive representation and gives the Broker the authority to place the business for sale in the Service. For International listings (where the subject property is located outside the United States),

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the Service will additionally accept an Exclusive Marketing/Advertising agreement between the broker and their client if it provides for the Broker's exclusive right within the Service Area to market and/or advertise the subject property for sale or lease.

An Exclusive Right to sell brokerage agreement is a written agreement between a broker and seller to market the seller's property, giving the broker the exclusive right to place the listing into the Service and offer cooperation and compensation to other Service Participants.

An Exclusive Right to Lease brokerage agreement is a written agreement between a broker and lessor to lease the lessor's property, giving the broker the exclusive right to place the listing into the Service and offer cooperation and compensation to other Service Participants.

The Exclusive Agency brokerage agreement also authorizes the Listing Broker, as exclusive agent, to offer cooperation and compensation on a blanket unilateral basis, but reserves to the seller the general right to sell the property on an unlimited or restrictive basis. Exclusive agency and exclusive right to sell brokerage agreements with named exceptions should be clearly distinguished from exclusive right to sell brokerage agreements with no named exceptions pursuant to Section 1.9 below since they can present special risks of procuring cause controversies and administrative problems not posed by exclusive right to sell brokerage agreements with no named exceptions.

An Exclusive Marketing/Advertising brokerage agreement is a written agreement between the broker and the seller to market and/or advertise the seller's property giving the broker the right to place the listing into the Service and offer cooperative compensation. Broker and/or buyer registration processes may be required. Exclusive Marketing/Advertising brokerage agreements are only accepted for International listings, where the subject property is located outside the United States.

Open listings and net listings are not accepted by the Service. Open listings are not accepted because the inherent nature of an open listing is such as to usually not include the power to offer cooperation and compensation. Net listings are not accepted because (1) they are considered unethical, and (2) by nature they do not permit cooperation and compensation on a blanket unilateral basis.

Illinois Real Estate License Law requires that all exclusive brokerage agreements must provide for minimum services to (1) accept delivery of and present to the client all offers and counteroffers to buy, sell or lease the client's property or the property the client seeks to purchase or lease (2) assist the client in developing, communicating, negotiating, and presenting offers, counteroffers and notices that relate to the offers and counteroffers until a lease or purchase agreement is signed and all contingencies are satisfied or waived, and (3) answer the client's questions relating to the offers, counter offers, notices and contingencies. Any Exclusive Brokerage Agreement between a seller and listing broker that qualifies the cooperative compensation offered or paid to a cooperating broker if the participant holds a particular license or credential, engages in a particular trade or profession, or if the range of potential participant is otherwise arbitrarily restricted (i.e. purchaser is a real estate licensee, related to a real estate licensee, etc.) shall not be accepted by the Service (See Section 9.15).

The Service reserves the right to refuse to accept any exclusive brokerage agreement for a property or business placed into the Service which fails to adequately protect the interest of the public and the Participants. The Service also reserves the right to investigate reports of any broker failing to provide minimum services and request a copy of that broker's exclusive brokerage agreement for property listings. As the Service only accepts exclusive brokerage agreements, the Service will remove any property listing from the Service if the listing broker's exclusive brokerage agreement is not in conformity with the above.

In the event the listing broker's exclusive brokerage agreement is removed for failure to meet the above requirements for any exclusive right to sell or exclusive agency agreement, there shall be an automatic fine of \$500.00 for the first violation per company. For a second violation of the same company, the automatic fine shall be \$1,000.00. Thereafter, for each violation, that company shall pay a fine of \$1,500.00. "Company" shall mean a real estate firm, corporation, LLC, partnership, sole proprietorship or otherwise, and all of its branch offices.

Any language in a listing in the Service or otherwise, directing a cooperating broker to contact the seller to negotiate or present an offer shall be a finable offense in accordance with the procedures outlined in Section 9.10.1 of the MRED Rules and Regulations.

The Service shall not require a Participant to use an Exclusive brokerage agreement other than the contract the Participant individually chooses to utilize provided the listing is of a type accepted by the Service. The Service reserves the right to refuse to accept a listing which fails to adequately protect the interest of the public and the Participants. The Service may reject any exclusive brokerage agreement that establishes, directly or indirectly, any contractual relationship between the Service and the client (buyer or seller).

The exclusive brokerage agreement must include the seller's written authorization to place the listing in the Service.

MRED allows the marketing of a future buyer's contractual rights; however the listing agent must confirm there are no provisions written into the sales contract forbidding this practice. The listing agent must mention in the listing's Remarks field "This sale is based on a prior closing".

Failure to reflect the accurate listed price in any exclusively listed property shall result in an automatic fine of \$250.00 for the first offense, \$300.00 for the second offense, \$500.00 for the third offense and \$1,000.00 for each offense thereafter. Within seventy-two (72) hours from the date of the fine notice of MRED to the offending Service Participant, the listing price shall be changed by the Service Participant and, if not, such listing shall be removed from the Service.

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SECTION 1(c): AUCTION LISTINGS AND DETAILS

Listings that are the subject of an auction may be entered into the Service; Auction properties must be the subject of a Listing Agreement, in accordance with all other listing agreement requirements contained within this Section 1(b).

The list price must be the greater of the minimum bid price or the reserve price unless an absolute auction, plus (when calculable) any required buyer's fee or premium charged to the buyer at auction. Details of any required buyer's fees for the auction including calculations or premium charged to the buyer at auction must be disclosed in the Agent Remarks field of the listing.

The Remarks field must disclose a) when the property described in the Listing is subject to an auction; and/or b) if the owner requires an auction after an accepted offer.

The Agent Remarks field must include details of the auction (the auction type, auction date, auction location, showing and preview instructions, bidding format, buyer premiums or other charges, whether offers may be submitted prior to the auction, and where to submit offers), or a web link to a website including same. Upon acceptance of an offer, the listing shall be updated to include the appropriate CTG/PEND status. If contingent awaiting auction, it must include the Contingency Flag field entry of CTGA (contingent on auction). After auction has been completed, if any contingencies still remain, the Contingency Flag field must be changed to the remaining appropriate contingency flag.

Details regarding photos and auction listings can be found under Section 6.1.1

The Listing, and the Listing Broker, must comply with all other MRED Policies and Procedures.

SECTION 1(d): PRIVATE NETWORK

The MRED Private Listing Network ("PLN") is a place where Participants can provide "mini-drafts" of property information for those listings he or she chooses to place in the PLN. Listings placed in the PLN must be the subject of a Listing Agreement, in accordance with all other listing agreement requirements contained within Section 1(b).

The fields in the PLN are a small sub-set of the required fields in the standard MLS database. Please see Section 9.10 for further information regarding required fields.

PLN Listings are to be viewed exclusively by Participants of MRED's MLS system and are not included in MRED's IDX/Broker Reciprocity Program, client emails or feeding to syndication sites. The listing agent must be contacted for approval to share information about the property with clients.

There is no minimum or maximum period of time listings can be included in the PLN, as long as the time chosen is within the parameters of the written listing agreement. Listing History is maintained on PLN listings, but other MLS system functionality normally available is not on PLN listings, i.e. market time, saved searches, statistics or prospecting.

The listing can go from the PLN to any other status, where it will be treated as all other properties in that status. Transactions where procuring cause was produced from a PLN listing must be entered into the standard database and reported closed.

PLN listings can expire and are retained in the PLN displaying as Expired with a Type of Private (PRIV).

SECTION 1.1: LISTINGS SUBJECT TO RULES AND REGULATIONS

Any listing taken on a contract to be placed into the Service is subject to the Rules and Regulations of the Service upon signature of the seller(s.)

SECTION 1.2: LISTING IDENTIFICATION

Only agents with a system password may have properties in the Service with their name noted as a listing agent.

SECTION 1.3: UNAUTHORIZED DISSEMINATION OF PASSWORDS

Use of the password of any other agent or administrator/secretary or office administrative staff, by anyone, including but not limited to, other Participants, non-REALTORS® or non-Service Participants, shall result in a fine as specified under Section 9.7, for any agent or broker involved, and disciplinary action may be taken against the agent/broker which may result in an additional fine.

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SECTION 1.4: CO-LISTINGS/COURTESY LISTINGS

Properties co-listed with other Participants of the Service shall be appropriately identified on the system. Co-listings with Non-Participants or licensees affiliated with Non-Participants are not allowed in the Service. Courtesy listings are not allowed in the Service.

SECTION 1.5: DETAIL ON LISTINGS FILED WITH THE SERVICE

A listing when placed with the Service by the Listing Broker shall be complete and accurate in every ascertainable detail, or be subject to a fine under Section 9.10 and shall include the listing price stated in the exclusive brokerage agreement except when the listing is placed in the PLN, where the entry of a price, no price, or a price range is allowed..

No reference, in the remarks section or otherwise, shall be made to any Service or licensee not a Participant in the Service. Detail (information) for each listing shall be limited to being descriptive of the property. "Reciprocal" referring to commissions or any compensation being offered or fees charged against commissions referring to a listing is not allowed. In the event a listing is not complete in detail or makes reference to a Service that is not a Participant in the MRED Service, then upon 72 hours' notice to the Listing Broker the Service shall purge that listing from Midwest Real Estate Data, LLC if the Listing Broker fails to complete any detail or fails to delete any reference to a multiple listing service not a Participant in Midwest Real Estate Data, LLC.

SECTION 1.5.1: AGENT REMARKS

The agent remarks field is limited to language that pertains to the property, additional compensation information or additional agent contact information. The field may not be used for the solicitation of sales agents, recruitment, a job search tool, personal classified advertisement or contain inappropriate language.

SECTION 1.6: EXEMPTED LISTINGS

If the seller declines to permit the listing to be disseminated via the Service, a seller's listing exemption form shall be signed by the Seller indicating that he or she does not desire the listing to be immediately filed with and disseminated by the Service and the listing exemption form shall be filed with the Service upon request.

See [MRED's Listing Exemption Policy](#) for details.

SECTION 1.7: CHANGE OF STATUS OF LISTING

Any change in listed price or other change in the original exclusive brokerage agreement (other than expirations and extensions - see Section 1.12) shall be made only when authorized in writing by the Seller and shall be placed into the Service within 72 hours after the authorized change is received by the Listing Broker.

SECTION 1.8: REMOVAL OF LISTING PRIOR TO EXPIRATION

Listings of property may be removed from the Service by the Listing Broker before expiration date of the exclusive brokerage agreement provided Seller authorizes the cancellation in writing.

SECTION 1.9: SPECIAL CONDITIONS APPLICABLE TO LISTINGS

Any contingency or conditions of any term or terms (including a "special agreement" or a condition regarding compensation) in a listing shall be specified and noticed to the Participants, by showing "C" (Court Approval), "M" (bonus), "N" (None), "S" (Short Sale), "V" (variable rate), or "Z" (exceptions) in the Special Compensation Information "SCI" field. Exclusive right to sell listings will be specified by an "E" in the "LIST" (listing type) field, Exclusive Right to Lease listings will be specified by an "L" in the "LIST" (listing type) field and Exclusive agency listings will be marked with an "X" in the "LIST" (listing type) field.

SHORT SALE/COURT APPROVAL REQUIRED – "S" or "C"

Listing brokers must communicate to potential cooperating brokers by selecting "C" (Court Approval) or "S" (Short Sale) in the SCI field that commissions established in the Exclusive Brokerage Agreements are subject to court approval "C" or short sale "S" and that compensation payable to cooperating brokers may be reduced if the commission established in the Exclusive Brokerage Agreement is reduced by a court or pursuant to a short sale. In such instances, the fact that the commission is subject to court approval or pursuant

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to a short sale, and either the potential reduction in compensation payable to cooperating brokers, or the method/amount by which the potential reduction in compensation will be calculated, must be clearly a) disclosed or communicated; and b) agreed to (per company policy) by the potential cooperating brokers prior to the closing.

VARIABLE RATE COMPENSATION – “V”

This is an arrangement in which the seller agrees to pay a specified commission if the property is sold by the Listing Broker without assistance and a different commission if the sale results through the efforts of a Cooperating Broker; or one in which the seller/landlord agrees to pay a specified commission if the property is sold by the Listing Broker either with or without the assistance of a Cooperating Broker and a different commission if the sale results through the efforts of a seller/landlord. This shall be disclosed by the Listing Broker as “V” in the SCI field. The Listing Broker shall, in response to inquiries from potential Cooperating Brokers, disclose the differential that would result in either a cooperative transaction or, alternatively, in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease.

EXCLUSIVE AGENCY - “X”

The Exclusive Agency brokerage agreement authorizes the Listing Broker, as exclusive agent, to offer cooperation and compensation on a blanket unilateral basis, but also reserves to the seller the general right to sell property on an unlimited or restrictive basis. This shall be disclosed by the Listing Broker by “X” in the-“LIST” (listing type) before the client makes an offer to purchase or lease.

EXCLUSIVE RIGHT TO SELL WITH NAMED EXCLUSIONS - “Z”

Named exclusions are those individuals or organizations named as exceptions to an Exclusive Right to Sell brokerage agreement for which the seller and listing broker will pay no commission. This shall be disclosed by the Listing Broker by “Z” in the SCI field.

SECTION 1.10: LISTING MULTIPLE UNIT PROPERTIES

Contiguous or multiple unit properties located within the same block or unit of a subdivision, according to the legal description, may be placed into the Service as one listing, however, when part of a listed property has been sold, proper notification must be placed into the Service. If the Listing Broker has a Master Marketing or Exclusive brokerage agreement for a development, condominium, conversion or new construction with multiple condominium units, lots or homes, the Listing Broker must either include all units (at time of input) or a selection of each price and style of units, lots or homes available. All unit(s), lot(s) or home(s) sold or pending, MUST be reported to the Service as “contingent”, “pending” or “closed” within seventy-two (72) hours of the activity.

SECTION 1.11: NO CONTROL OF COMMISSION RATES OR FEES CHARGED BY PARTICIPANTS

The Service shall not fix, control, recommend, suggest, or maintain commission rates or fees for services to be rendered by Participants. Further, the Service shall not fix, control, recommend, suggest or maintain the division of commissions or fees between cooperating or between Participants and non-Participants. However, all listings submitted to the Service must contain either a specific dollar amount or percentage. Any listing that shows “0” or less in the Cooperative Compensation field will be removed from the system to a “hold” status and that an automatic fine will be issued to the listing broker, and that fine will be a cumulative fine. The listing will be returned to the active database, once the Service receives a percentage or dollar amount in writing, to add to the (CC) field (see Section 9.6).

SECTION 1.12: EXPIRATION, EXTENSION, AND RENEWAL OF LISTINGS

Each listing placed into the Service shall automatically expire at midnight on the date specified in the exclusive brokerage agreement unless renewed and placed into the Service prior to expiration.

If notice of renewal or extension is dated after the expiration date of the original listing, then an updated_ exclusive brokerage agreement must be secured for the listing to be placed into the Service- Any extension or renewal of a listing must be signed by the Seller(s.)

SECTION 1.13: TERMINATION DATES ON LISTINGS

Listings placed into the Service shall bear a definite and final termination date as negotiated between the Listing Broker and the Seller.

SECTION 1.14: JURISDICTION

Only listings of the designated types of property located within the State of Illinois are required to be placed into the Service. Listings of property located outside the State of Illinois will be accepted if placed voluntarily by a Participant, but is not required by the Service.

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SECTION 1.15: LISTINGS OF SUSPENDED PARTICIPANTS

When a Participant in the Service is suspended from his Association/Board, MRED is not obligated to provide services, including continued inclusion of the suspended Participant's listings in the Service's compilation of current listing information. Prior to any removal of the suspended Participant's listings from the Service, the suspended Participant will be advised in writing of the intended removal so the suspended Participant may advise his clients.

SECTION 1.16: LISTINGS OF EXPELLED PARTICIPANTS

When a Participant is expelled from his Association/Board, MRED is not obligated to provide services, including continued inclusion of the expelled Participant's listings in the Service compilation of current listing information. Prior to any removal of an expelled Participant's listings from the Service, the expelled Participant will be advised in writing of the intended removal so the expelled Participant may advise his clients.

SECTION 1.17: LISTINGS OF RESIGNED PARTICIPANTS

When a Participant resigns from his Association/Board, MRED is not obligated to provide services, including continued inclusion of the resigned Participant's listings in the Service Compilation of current listing information. Prior to any removal of a resigned Participant's listings from the Service, the resigned Participant will be advised in writing of the intended removal so the resigned Participant may advise his clients.

SECTION 1.18: LISTINGS OF "OVER-55" PROPERTIES

Any listing otherwise eligible for dissemination in the Service that is located within a community that is "qualified housing for older persons" under the Fair Housing Act and may thus lawfully limit occupancy to such older persons (an "over-55 community") shall include a statement specifically disclosing such restriction in the "Remarks" Section of the property data record. Before such a listing is input into the Service, the listing Participant shall secure a written representation from the seller or the over-55 community's management company or its legal counsel that any restriction on the age of the occupants of the property otherwise eligible for dissemination in the Service, is located within a community that is "qualified housing for older persons" under the Fair Housing Act and may thus lawfully limit occupancy to such older persons (an "over-55 community") and shall include a statement specifically authorizing the disclosure of such restriction in the "Remarks" Section of the property data record and further that any restriction on the age of the occupants of the property does not violate any federal, state, or local law. The listing Participant's submission of a listing to the Service that is subject to a restriction on the age of the occupants of the property shall constitute the listing Participant's commitment to defend, indemnify, and hold harmless the Service against any claim that the Service, by including such remarks, has violated any local, state or federal law that prohibits discrimination against families with children or on the basis of age.

NOTE: Per the federal Fair Housing Act, a dwelling or community is "qualified housing for older persons if:

- HUD has determined that it is specifically designed for and occupied by elderly persons under a federal, state or local government program; OR
- It is occupied solely by persons who are 62 or older; OR
- It houses at least one person who is 55 or older in at least 80 percent of the occupied units, and adheres to a policy that demonstrates intent to house persons who are 55 or older."

SECTION 2:SELLING PROCEDURES

SECTION 2 SHOWINGS AND NEGOTIATIONS

Appointments for showings with the seller of the listed property placed into the Service shall be conducted through the Listing Broker, unless otherwise directed. Negotiations with the seller for the purchase or rental of the listed property placed into the service shall be conducted through the Listing Broker.

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SECTION 2.1: PRESENTATION OF OFFERS

The Listing Broker must make arrangements to present the offer as soon as possible, or give the Cooperating Broker a satisfactory reason for not doing so.

SECTION 2.2: SUBMISSION OF OFFERS

The Listing Broker shall submit to the seller all offers until closing unless precluded by law, government rule, regulation, or agreed otherwise in writing between the Seller and the listing Broker. Unless the subsequent offer is contingent upon the termination of an existing contract, the Listing Broker shall recommend that the seller(s) obtain the advice of legal counsel prior to acceptance of the subsequent offer.

SECTION 2.3: RIGHT OF COOPERATING BROKER IN PRESENTATION OF OFFER

The Cooperating Broker or his/her representative has the right to participate in the presentation to the seller or lessor of any offer he/she secures to purchase or lease. The Cooperating Broker does not have the right to be present at any subsequent discussion or evaluation of that offer by the seller(s) or lessor and the Listing Broker. However, if the seller or lessor gives written instructions to the Listing Broker that the Cooperating Broker not be present when an offer to the seller that the Cooperating Broker secured is presented, the Cooperating Broker has the right to a copy of the seller's or lessor's written instructions. None of the foregoing diminishes the Listing Broker's right to control the establishment of appointments for such presentations.

SECTION 2.4: RIGHT OF LISTING BROKER IN PRESENTATION OF COUNTER OFFER

The listing broker or his/her representative has the right to participate in the presentation of any counter-offer made by the seller or lessor. He/she does not have the right to be present at any discussion or evaluation of a counter offer by the purchaser or lessee. However, if the purchaser or lessee gives written instructions to the Cooperating Broker that the Listing Broker not be present when a counter-offer is presented to the buyer, the Listing Broker has the right to a copy of the purchaser or lessee's written instructions.

SECTION 2.5: REPORTING STATUS OF LISTING

Change of a listing's status shall be reported within seventy-two (72) hours after date of acceptance by all parties to the contract except for builder sales of new construction listings which shall be reported as closed within 30 days. The agent code of #99995 shall be input for the selling agent when reporting new construction as closed if there is no cooperating agent.

Status of Listings

- a) Active listing (NEW, ACTV, RACT, BOMK, PCHG) - listing entered in the Service - available for showings – continue to show
- b) Active-Contingent (A/I, FIN, CTGO) – attorney review, financing, other – continue to show unless otherwise specified
- c) Active-Contingent (CTGA)- awaiting auction – continue to show unless otherwise specified
- d) Active-Contingent (HS, HC) – home sale/home closing - continue to show unless otherwise specified
- e) Active-Contingent (PS, PC) – commercial property sale/closing – continue to show unless otherwise specified
- f) Active-Contingent (SS) - short sale under contract – continue to show unless otherwise specified
- g) Active-Temporarily No Showings (TEMP) - still listed, exclusive brokerage agreement in effect but not under contract for purchase, property unable to be shown, except for reasonable restrictions noted on the listing in the showing instructions
- h) Active-Auction (AUCTION) – continue to show
- i) Pending (PEND) – under contract waiting for closing without contingencies
- j) Closed (CLSD) and Rented (RNTD)
- k) Canceled (CANC) or expired (EXP) listing (exclusive brokerage agreement no longer in effect)
- l) Private (PRIV) – listings placed in PLN; property can or cannot be shown as indicated

SECTION 2.6: REPORTING RESOLUTIONS OF CONTINGENCIES

The Listing Broker shall report to the Service within 72 hours that a contingency placed into the Service has been fulfilled or renewed or changed or canceled.

SECTION 2.7: REPORTING CANCELLATION OF PENDING SALE

The Listing Broker shall place into the Service, within 72 hours, the cancellation of any pending sale

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SECTION 2.8: BROKER RECIPROCITY/IDX AND ADVERTISING OF LISTINGS

Unless a Participant is in good standing with the Broker Reciprocity program, and then only in conjunction with the rules of such Broker Reciprocity program as contained herein, a listing shall not be advertised by any Participant other than the Listing Broker without permission of said listing broker.

SECTION 2.9: ASSOCIATION/BOARD PROTOCOL

Other than stated herein, a REALTOR® Association/Board's procedures and protocol for the showing of property, negotiation, presentation and submission of offers shall control.

SECTION 3: REFUSAL TO SELL

SECTION 3: REFUSAL TO SELL

If the Seller of any listed property placed into the Service refuses to accept a written offer satisfying the terms and conditions stated in the listing, such fact shall be communicated immediately to the Service and to all Participants. This can be accomplished by changing the listing status to cancelled or TEMP in the system.

SECTION 4: PROHIBITIONS

SECTION 4: INFORMATION FOR PARTICIPANTS ONLY

Unless ordered by a court of competent jurisdiction, any listing placed into the Service shall not be made available to any broker or firm, or any other person, not a member of any REALTOR® Association/Board without the prior consent of the Listing Broker.

SECTION 4.1: "FOR SALE" SIGNS

Only the "For Sale" signs of the Listing Broker (does not include "For Sale By Owner" signs) may be placed on a property.

SECTION 4.2: "SOLD" SIGNS

Prior to closing, only the "Sold" sign of the Listing Broker may be placed on a property, unless written permission is granted by the Listing Broker.

SECTION 4.3: SOLICITATION OF LISTING PLACED INTO THE SERVICE

Participants shall not solicit a listing on property placed into the Service unless solicitation is consistent with Article 16 of the REALTORS® Code of Ethics, its Standards of Practice and Case Interpretations, and Illinois law.

SECTION 4.4: STANDARD OF PRACTICE

Section 4.3 is to be construed in a manner consistent with Article 16 of the Code of Ethics and particularly Standard of Practice 16-4. This Section is intended to encourage Seller to permit their properties to be placed into the Service by protecting them from being solicited, prior to expiration of the listing, by brokers and salespersons seeking the listing upon its expiration.

Without such protection, a Seller could receive hundreds of calls, communications, and visits from brokers and salespersons that have been made aware through the Service of the date the listing will expire and desire to substitute them for the present broker.

Section 4.3 is also intended to encourage brokers to participate in the Service by assuring them that other Association/Board Participants will not attempt to persuade the Seller to breach the exclusive brokerage agreement or to interfere with their attempts to

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market the property. Absent the protection afforded by this Section, Listing Brokers would be most reluctant to generally disclose the identity of the seller or the availability of the property to other brokers.

Section 4.3 does not preclude solicitation of listings under the circumstances otherwise recognized by the Standards of Practice related to Article 16 of the Code of Ethics.

SECTION 5: DIVISION OF COMMISSIONS

SECTION 5: COOPERATIVE COMPENSATION SPECIFIED ON EACH LISTING

The Listing Broker shall specify, on each listing placed into the Service, the compensation, bonuses or other incentives offered to Cooperating Brokers for their services in the sale of such listing. Such offers are unconditional except that entitlement to compensation is determined by the cooperating broker's performance as the procuring cause of the sale (or lease) or as otherwise provided in this rule. The listing broker's obligation to compensate any cooperating broker as the procuring cause of sale (or lease) may be excused if it is determined through REALTOR® arbitration that through no fault of the listing broker and in the exercise of good faith and reasonable care, it was impossible or financially unfeasible for the listing broker to collect a commission pursuant to the exclusive brokerage agreement. In such instances, entitlement to cooperative compensation offered through the service would be a question determined by an arbitration hearing panel based on all relevant facts and circumstances including, but not limited to, why it was impossible or financially feasible for the listing broker to collect some or all of the commission established in the exclusive brokerage agreement at what point in the transaction did the listing broker know (or should have known) that some or all of the commission established in the exclusive brokerage agreement might not be paid; and how promptly had the listing broker communicated to cooperating brokers that the commission established in the listing might not be paid.

In filing a property with the Service, the Participant is offering to cooperate with other Participants, and shall therefore specify on each listing filed with the Service, the compensation being offered by the Listing Broker to the other Association/Board Participants in the Service. Specifying the compensation on each listing is necessary because the Cooperating Broker has the right to know what his compensation shall be prior to his endeavor to sell.

The listing broker retains the right to determine the amount of compensation offered to other Participants (acting as buyer agents or in other agency or non-agency capacity defined by law) which may be the same or different. The Service shall make no rule on the division of commissions between Participants and non-Participants.

This shall not preclude the Listing Broker from offering any Participant compensation other than the compensation indicated on his listings as published by the Service provided the Listing Broker informs the other broker in writing or in accordance through the Service in advance of his producing an offer to purchase, and provided that the modification in the specified compensation is not the result of any agreement among all or any other Participants. Any superseding offer of compensation must be expressed as either a percentage of the gross selling price, as a definite dollar amount or as a percentage of the net sale price.

The Service shall not have a rule requiring the Listing Broker to disclose the amount of total negotiated commission in his Exclusive brokerage agreement and the Service shall not publish the total negotiated commission on a listing that has been placed in the Service. The Service shall not disclose in any way the total commission negotiated between the seller and the Listing Broker.

The cooperation and compensation specified on all listings filed with the Service shall appear in one of three forms. The essential and appropriate requirement by the Service is that the information to be published shall clearly inform the Association/Board Participants as to the compensation they will receive in cooperative transactions unless advised otherwise by the Listing Broker in writing in advance of his producing an offer to purchase. The compensation specified on listings published by the Service shall be shown in one or any of the following combinations:

1. By showing a percentage of the gross selling price.
2. By showing a definite dollar amount.
3. By showing a percentage of the net sale price. The net sale price shall be defined as the gross sale price minus: (1) buyer upgrades for new construction; and/or seller concessions. Seller concessions include, but are not limited to: points or closing costs paid by the seller on behalf of the buyer, repair or other credits as agreed to in the contract and paid by the seller on behalf of the buyer.

The Listing Broker may, from time to time, adjust the compensation, bonuses or other incentives being offered to any Participants. In the event there is any difference in the offer of compensation, bonuses or other incentives offered to any Participants through the Service, the compensation, bonus or other incentives offered in advance through the Service shall control and prevail.

The Service, at its discretion, may adopt rules and procedures enabling listing brokers to communicate to potential cooperating brokers that commissions established in the Exclusive Brokerage Agreements are subject to court approval or to lender approval; and that compensation payable to cooperating brokers may be reduced if the commission established in the Exclusive Brokerage Agreement is reduced by a court or by a lender. In such instances, the fact that the commission is subject to court or to lender approval and either the

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potential reduction in compensation payable to cooperating brokers or the method/amount by which the potential reduction in compensation will be calculated must be clearly a) disclosed or communicated; and b) agreed to (per company policy) by the potential cooperating brokers prior to the closing.

SECTION 5.1: PARTICIPANTS AS PRINCIPALS

If Participants or any licensees affiliated with a Participant have any interest in property or a business they shall disclose that interest and such information shall be disseminated to all Participants by placing a "Y" in the AON field.

SECTION 5.2: PARTICIPANTS AS PURCHASERS

If any licensee affiliated with a Participant wishes to acquire an interest in property or business listed with another Participant such contemplated interest shall be disclosed to the Listing Broker prior to the time an offer to purchase is submitted to the Listing Broker.

SECTION 6: SERVICE FEES AND CHARGES

SECTION 6: SERVICE FEES

The Participant shall be assessed a monthly Service fee for each non-principal broker, sales licensee, licensed and certified appraiser and any other classification of real estate license that is affiliated with said Participant. The only exception will be when a special waiver of Service fee is granted by your REALTOR® Association/Board of Directors and approved by MRED.

Each Participant shall pay all fees and service charges as are from time to time set by the Service. Said fees and service charges shall only be such as to cover the costs of the Service and to maintain a reasonable working reserve. Billing to the REALTOR® Association/Board to be as follows:

Each REALTOR® Association/Board under the terms of its Service Agreement with MRED shall pay a monthly fee for each Participant of their Association/Board and each licensee affiliated with said Participant, and each REALTOR® Board/Association may, in connection with the delivery and sale of the Service to its Participants and their affiliated licensees, charge whatever price the REALTOR® Association/Board deems appropriate, including a markup over the cost of the Service to the REALTOR® Association/Board, provided that each Participant is charged the same price for itself and its affiliated licensees as every other Participant, regardless of whether the Participant is or is not a preferred unit owner of the Service.

A REALTOR® Association/Board whose service account is past due, ten (10) days from the date of billing, shall be assessed a late charge equal to an annual percentage rate of 18% on past due amounts. A REALTOR® Association/Board will be subject to suspension for any past due accounts not satisfied within sixty (60) days from date of billing. The suspension of a REALTOR® Association/Board will result in the loss of all service to its Participants. The suspension of a REALTOR® Association/Board shall not relieve the obligation of the underlying debt.

SECTION 6.1.1: PHOTOGRAPHS

All listings except vacant land, new construction, confidential commercial listings, PLN listings and deeded parking/boat slips must have a primary photo in the system within seven (7) days of their entry into the system. Listings with an Auction (AUCT) status or Contingent on Auction (CTGA) contingency flag shall have a photo placeholder added as the primary photo to indicate this is awaiting auction, and the secondary photo shall be a primary photo of the property. Failure to comply with this rule may subject you to a fine. If no primary photo is submitted within ten (10) days, the listing will be placed in the "HOLD" status, and can only be viewed by the Listing Broker, Listing Agent and Secretary of the office. It will not appear in any searches for the general membership, and the listing will not be included on any VOW or IDX sites or fed to a third party vendor such as REALTOR®.com, etc. The listing will be removed from the "HOLD" status once a primary photo has been added to the listing. Once the listing has been placed in hold, a violation notice will be sent to the Broker, who will have 72 hours to add the photo before a fine is imposed. The fine will be \$250.00 for the first offense per office (NOT per agent), \$300.00 for the second offense per office, \$500.00 for the third offense per office, and \$1,000.00 for the fourth and all subsequent violations.

Electronic transmission must be submitted in the required format, as set forth by the Service. For vacant land or proposed construction a sketch or artist's rendering may be submitted to the Service. For confidential commercial listings, a graphic conveying the type of business or property listed may be submitted to the Service. For all other types of listings, the primary photo submitted must be an exterior shot of the residence/business and secondary photos can include additional exterior and/or interior shots. The primary exterior photo must remain regardless of status, including cancelled listings. Secondary photos (both interior and exterior) may be deleted at listing agent's choice upon cancelling of a listing. All photos should pertain strictly to the subject property and may not prominently display any names, contact information (digital or otherwise), URLs and/or links, QR codes (or similar) REALTOR® or realty office logos and/or branding, for sale signs, persons, collages, or audio/video/text commentary. Cloning of any photo by a different brokerage firm

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is strictly prohibited. The same verbiage and language restrictions/prohibitions that apply to the Property Description/Remarks also apply to all photo captions and photo remarks.

All virtual tours should pertain strictly to the subject property and may not display any names, screen names, contact information (digital or otherwise), URLs and/or links, QR codes (or similar), REALTOR® or realty office logos and/or branding, for sale signs, or audio/video and/or commentary unrelated to the subject property. Virtual tours may include the presence of a narrator, provided the narrator does not identify him/herself or his/her firm and the narration does not contain any specific branding as described elsewhere in this paragraph. Virtual tours submitted to the Service may not require any registration. Once an office is notified that their photo/virtual tour is in violation of the above rule, there shall be a fine imposed for subsequent occurrences per office as follows: \$250.00 fine for first occurrence after notification, \$300.00 for the second occurrence per office, \$500.00 for the third occurrence per office, and \$1,000.00 for every occurrence thereafter.

Cloning of any photo submitted by a different brokerage firm is strictly prohibited. Violation of this rule will result in an automatic \$250.00 fine per occurrence. The complaining firm must submit proof (i.e. copy of prior listing with copies of original photos, invoicing for photos) of a violation to this rule to the Service before a notice will be sent to the listing firm. The new listing firm will have 72 hours to remove the photos. Once a firm has been fined, it will have 20 days to file an appeal in accordance with the MRED Rules and Regulations. If no appeal is filed, the photos in violation of this rule will be removed by the Service at the end of the appeal period.

SECTION 6.1.2: PHOTOGRAPHY CONTRACTORS

If a Participant of the Service obtains photographs from a photographer, the Participant must receive a written assignment of all intellectual property rights from the photographer to the Participant's firm before including the photographs in the Service.

NOTE: In order to assure compliance with these rules, each Participant that engages a third party photographer and submits photos to the service is advised to obtain a written agreement with the photographer assigning all rights, including copyrights, in the photographs, to the Participant firm. The following provision should be included in the agreement with the photographer: "Photographer hereby assigns all right, title, and interest, including copyrights and all intellectual property rights, in photographs to [insert name of Participant's firm] and agrees to execute any further documents which may reasonably be necessary to effect such assignment."

SECTION 6.1.3: BRANDING OF CLIENT-VIEWABLE INFORMATION

Participants shall not place any branded documents to any client-viewable information.

Section 6.2: Photography and Virtual Staging

Section 6.2.1 Definition of Virtual Staging

MRED recognizes the varying needs of different marketplaces and individual property sales concerns. Accordingly MRED defines and permits the use of "virtually staged photos" within the following parameters:

"Virtual Staging" is defined as using photo editing software to create a photo or conceptual rendering of what a room and/or property could look like, if it was staged or lived in.

Section 6.2.2 Virtual Staging Prohibitions

Section 6.2.2.1 Virtual Staging Prohibited Inclusions

Modifying photo(s)/rendering(s) to include visual elements not within a property owner's control **is strictly prohibited**.

Example: Editing in a view of CloudGate (aka the Chicago Bean) that is not physically possible from the specified location in the real world.

Section 6.2.2.2 Virtual Staging Prohibited Exclusions

Modifying photo(s)/rendering(s) to exclude visual elements not within a property owner's control **is strictly prohibited**.

Example: Removing power lines, water towers and/or nearby highways

Section 6.2.3 Permitted Uses of Virtual Staging in the Service

Modifying photo(s)/rendering(s) to include personal property items not conveyed with the real property is permitted. Permitted personal property modifications include, but are not limited to:

- Applying digital photos of furniture, mirrors, artwork, plants, etc. into a photo of an empty room
- Removing existing furniture from a photo and replacing it with digital images of furniture, mirrors, artwork, plants, etc.

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Disclosure of virtually-staged photo(s)/rendering(s) is required in the specified field.

Section 6.2.3.1 Permitted Virtual Staging and Listings of Properties Not Fully Constructed

Virtually-staged photo(s)/rendering(s) on either: (a) To-Be Built; or (b) Under Construction; is permitted for all facets of real property to conveyed to a buyer in a sale. Disclosure of virtually-staged photo(s)/rendering(s) is required in the specified field.

SECTION 7: COMPLIANCE WITH RULES

SECTION 7: COMPLIANCE WITH RULES

The following action may be taken for non-compliance with the Rules:

- a. For failure to comply with any rules or fines, the provisions of Sections 9 thru 9.16 shall apply.
- b. For failure of an Association/Board to adopt and to comply with any rule, the Association/Board may be subject to suspension until such Association/Board complies with such rule.

SECTION 7.1: APPLICABILITY OF RULES

Non-principal brokers, sales licensees, appraisers and others affiliated with a Participant and authorized to have access to information published by the Service ("subscribers") are subject to these Rules and Regulations and may be disciplined for violations thereof, provided that the subscriber has signed an agreement acknowledging that access to and use of Service information is contingent on compliance with the Rules and Regulations. This provision does not eliminate the Participant's ultimate responsibility and accountability for all subscribers affiliated with the Participant, including fines any subscriber affiliated with the Participant may have incurred while previously affiliated with another Participant and fines any subscribers formerly affiliated with Participant incurred while affiliated with the Participant.

SECTIONS 8-22: FINES

SECTION 8: FINE SYSTEM AND PROCEDURE

REALTOR® Boards/Associations shall establish their minimum individual fine structures and collection procedures from Service Participants in accordance with Sections 9 through 9.16 hereunder.

SECTION 9: FINES

Fines referred to in Sections 1(b), 9.3, 9.4, 9.4.1, 9.5, 9.6, 9.6.1, 9.7, 9.7.1, 9.8, 9.9, 9.10.1, 9.13, 9.14, 9.17, and 30 are automatic. Additionally, portions of Section and 6.1.1 reference automatic fines.

Within ninety (90) days from conversion to the Service, a REALTOR® Board/Association shall adopt and immediately implement the following schedule of minimum fines for violations of these Rules and Regulations.

SECTION 9.1: MINIMUM STANDARDS FOR ASSOCIATION/BOARDS

Rules and fines contained in this document are a minimum standard for the Association/Boards. The Association/Boards shall at least adopt these minimum Rules and fines, and may, at their discretion and upon approval of MRED, identify additional requirements for the imposition of fines. Fines issued by the Service shall be billed by the Service to the Association/Board for collection.

SECTION 9.2: VIOLATIONS OF THESE RULES AND REGULATIONS

If the alleged offense is a violation of these Rules and Regulations of the Service, the matter will be referred to MRED's Compliance department. The Compliance department may assess fines under these rules administratively, without any hearing, subject to a Participant's or subscriber's right to appeal hereunder. MRED reserves the right to remove any offensive and/or HUD (Fair Housing) non-compliant information (language, photos, audio, etc.) contained in the listing and notify the listing office of the removal.

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SECTION 9.3: SUBMISSION OF NEW LISTINGS

For any new listing required to be entered, there shall be a \$1,000.00 fine for failure to place the listing within 72 hours. Computer failure shall not be an excuse for such failure. The 72-hour requirement shall include weekends and holidays.

SECTION 9.4: REPORTING CHANGES OF STATUS AND CONTINGENCIES

There shall be an automatic fine of \$250.00 for the broker's first occurrence of failure to report contract pending, contingencies and deletion of contingency flags, and change of status of a listing if transferred to a different listing within 72 hours. Computer failure shall not be an excuse for such failure. The 72-hour requirement shall include weekends and holidays. The broker's second offense within a 12-month period shall result in an automatic fine of \$500.00; the automatic fine shall increase to \$750.00 per broker's offense thereafter within a 12 month period.

SECTION 9.4.1: REPORTING CLOSED (SOLD)

There will be an automatic \$250.00 fine for the broker's first occurrence of failure to report Closed (Sold) within 72 hours with the exception of new construction listings as stated in Section 2.5. Computer failure shall not be an excuse for such failure. The 72-hour requirement shall include weekends and holidays. The broker's second offense within a 12-month period shall result in an automatic fine of \$500.00; the automatic fine shall increase to \$750.00 per broker's offense thereafter within a 12 month period.

SECTION 9.5: REPORTING PRICE CHANGES

There shall be an automatic \$250.00 fine for failure to report a price change within 72 hours. Computer failure shall not be an excuse for such failure. The 72-hour requirement shall include weekends and holidays.

SECTION 9.6: REPORTING COOPERATIVE COMPENSATION

Any listing that shows "0" in the Cooperative Compensation field will be removed from the system to a "hold" status and an automatic fine of \$250.00 for the first offense, \$300.00 for the second, \$500.00 for the third, and \$1,000.00 for the fourth and all subsequent offenses will be levied. The listing will be returned to the "active" database once MRED receives a percentage or dollar amount in writing to add to the CC field.

SECTION 9.6.1: REMOVAL FOR FAILURE TO MEET MINIMUM STANDARDS

In the event the listing broker's exclusive brokerage agreement is removed for failure to meet the minimum service requirement under the Illinois Real Estate License Act, there shall be an automatic fine of \$500.00 for the first violation per company. For a second violation of the same company, the automatic fine shall be \$1,000.00. Thereafter, for each violation, that company shall pay a fine of \$1,500.00. "Company" shall mean a real estate firm, corporation, LLC, partnership, sole proprietorship or otherwise, and all of its branch offices.

SECTION 9.7: UNAUTHORIZED DISSEMINATION OF SYSTEM ACCESS PASSWORD

There shall be a fine of \$2,500.00 for each unauthorized dissemination of system access passwords as described in Section 1.3.

SECTION 9.7.1: PARTICIPATION

There shall be fine of \$2,500 for each broker, sales licensee, licensed and certified appraiser and/or any other classification of real estate license who has been licensed to or affiliated with a Participant without paying MRED Service fees. (See Section 1(a) and Section 6)

Rules and Regulations

SECTION 9.7.2: INTERRUPTION OF ACCESS TO SYSTEM

The Compliance department may interrupt access to the system administratively, without any hearing, subject to a Participant's or subscriber's right to appeal hereunder, should there be reasonable grounds to believe a Participant or subscriber is enabling or allowing unauthorized access to the system.

SECTION 9.8: E-MAIL/USE OF THE TERM "MRED"

Participants may not use the letters MRED, the words "Midwest Real Estate Data, LLC", variations thereof or MRED approved icons in any e-mail or communication intended or designed to mislead other Participants as to the identity of the sender or sender's relationship to MRED. Any violation to e-mail guidelines will result in an automatic, finable offense, with a fine of \$250.00.

SECTION 9.9: REPORTING STATUS CHANGES

There shall be an automatic \$250.00 fine for the broker's first occurrence of entering status changes relating to amendments to the Participant's exclusive brokerage agreement without the seller's written consent. The broker's second offense within a 12-month period shall result in an automatic fine of \$500.00; the automatic fine shall increase to \$750.00 per broker's offense thereafter within a 12 month period.

SECTION 9.10: REPORTING REQUIRED FIELDS

There shall be a \$250.00 fine for failure to correctly report all appropriate required fields when placing or modifying a listing for both active and off market property types excluding confidential business listings. Mandatory fields on all Property Input Forms for all property types are noted with an asterisk.

For a complete list of all required residential fields and any detailed instructions/prohibitions, see the MRED Residential glossary.

For a complete list of all room counting rules/definitions and any detailed instructions/prohibitions, see the MRED Room Counting Publication.

For a complete list of all required commercial fields and any detailed instructions/prohibitions, see the MRED Commercial glossary.

For a complete list of all required international property fields and any detailed instructions/prohibitions, see the MRED International Property Type – Glossary.

SECTION 9.10.1: NO DIRECTION TO CONTACT SELLER ON OFFERS

Any language in a listing in the MRED system or otherwise, directing a cooperating broker to contact the seller to negotiate or present an offer shall be an automatic fine in the amount of \$250.00 in accordance with the procedures outlined in Section 1: Exclusive Brokerage Agreements of the MRED Rules and Regulations.

SECTION 9.11: REPORTING SPECIAL ARRANGEMENT REGARDING COMPENSATION

There shall be a fine of \$100.00 for failure to report any special agreement regarding compensation. The 72- hour requirement shall include weekends and holidays.

SECTION 9.12: PROVIDING REQUESTED DOCUMENTATION

There shall be a \$250.00 fine for failure to provide the Service with any documentation requested by the Service within 72 hours of such request.

Fines referred to in Section 9.10, 9.11, 9.12, 9.15 and 9.16 are not automatic and may be corrected by the Participant prior to the levy of a fine. Additionally, portions of Section 6.1.1 reference fines that are not automatic.

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SECTION 9.13: ENTERING A LISTING WITHOUT AN EXCLUSIVE BROKERAGE AGREEMENT

An automatic \$1,000.00 fine will be issued to any Participant who has listed a property in Service without having a listing agreement with the seller. MRED will immediately remove these listings from display on MRED systems.

SECTION 9.14: REPORTING OF CLOSED TRANSACTIONS BY NON-LISTING BROKER

Only the Listing Broker Service Participant whose listing appears in the Service shall report a listed property in the Service as closed. A Service Participant shall not report any property as closed, including but not limited to, a non- Participant's listing in which the Service Participant may have cooperated OR a "For Sale By Owner" ("FSBO") transaction in which the Service Participant may have cooperated as a selling agent, but did not have an Exclusive Right to Sell or Exclusive Agency agreement with the seller of the property. Any reporting of a closed transaction for a property that was not entered into the Service by that property's Service Participant Listing Broker prior to sale and without having a previously existing and valid Exclusive Right to Sell, Exclusive Right to Lease or Exclusive Agency agreement with the seller of the property shall result in an automatic fine of \$250.00 for the first offense, \$500.00 for the second offense, and \$1,000.00 for each offense thereafter. For purposes of calculation of the fine in this Section 9.14 only, the automatic fine shall be calculated on the number of violations in the office (and not calculated for violations on a firm wide basis for those firms with multiple offices) reporting the closed transaction. Any property reported as closed in the manner described in this Section 9.14 shall be immediately removed from the Service database.

SECTION 9.15: NO CONDITIONS ON COOPERATIVE COMPENSATION

Placing conditions on cooperative compensation including performance clauses beyond the state's Real Estate License Law requirements are strictly prohibited. There will be fines issued for failure to remove conditions on cooperative compensation and/or failure to offer the same cooperative compensation to all participants regardless if said participant holds a particular license or credential, engages in a particular trade or profession, or if the range of potential participant is otherwise arbitrarily restricted. Fines will be issued as follows: \$250.00 for the broker's first offense, \$300.00 for the broker's second offense, \$500.00 for the broker's third offense, and \$1,000.00 per broker's offense thereafter if a listing containing conditional compensation verbiage is not corrected within 72 hours of notice from MRED. Further, MRED shall have the authority to move any such listing that is not changed to HOLD Status. The listing will be returned to the active database once MRED receives written permission from the listing broker to remove the offending statement and/or correct the cooperative compensation as necessary.

SECTION 9.16: FAILURE TO DISCLOSE SPECIAL COMPENSATION INFORMATION

Failure to disclose any special compensation information, as follows: "C" (Court Approval), "M" (bonus), "N" (None) "S" (Short Sale), "V" (variable rate) or "Z" (exceptions) in the Special Compensation Information (SCI) field within 72 hours of the listing broker becoming aware of such information, or within 72 hours of receiving a listing exception notification from MRED may result in a fine being imposed. The fine schedule is \$250.00 for the broker's first offense, \$300.00 for the broker's second offense, \$500.00 for the broker's third offense, and \$1,000.00 per broker's offense thereafter.

SECTION 9.17: REPEATED PATTERNS OF DATA MISREPRESENTATION

Notwithstanding the foregoing, should the Service become aware of repeated patterns of data misrepresentation by any customer:

1. The Service shall notify the customer, the managing broker, and the brokerage of the pattern of data misrepresentation.
2. MRED reserves the right to assess a \$2,500 fine for each subsequent occurrence of data misrepresentation until a 12 month period without occurrences is established.
3. All fines otherwise indicated in these Rules & Regulations as correctable within a 72 hour period and fitting the repeated pattern of data misrepresentation shall convert to automatic fines.
4. All rights to appeal an assessed fine, as found in Section 9.2, and Sections 13-22, remain in effect.

SECTION 10: ACTION

A Participant's access to the Service may be suspended or terminated for failure to pay a fine and correct the finable offense in the Service subsequent to the exhaustion of appeal rights hereunder.

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SECTION 11: DIVISION OF FINES

Upon issuance of a fine and expiration of any applicable fine appeal period, the Service will bill one-half (1/2) of such fine to the Association/Board for its Participants' violations of these rules. The Board shall bill the entire amount of the fine provided in these Rules to its Participant. The Association/Board shall remit entire amount of the bill of the Service to the Service regardless of its ability to collect from its Participant. In the event the Participant files an Appeal, the Participant shall forward payment of such fine to the Service with its Notice of Appeal. In the event the Participant is unsuccessful in its Appeal, the Service shall retain the payment of the fine submitted with the Notice of Appeal and use some or the entire fine to defray the expenses of the Appeal.

SECTION 12: COMPLAINTS OF UNETHICAL CONDUCT

All complaints of alleged unethical conduct shall be referred to Participant's Association/Board for appropriate action in accordance with the usual procedure under the terms of its Bylaws.

SECTION 13: APPEALS COMMITTEE

The MRED Appeals Committee shall be comprised of individuals appointed by the Board of Managers.

SECTION 14: FORMS

Forms to be used in any Appeal shall be as promulgated from time to time by the Service.

SECTION 15: INITIATION OF APPEAL

Any Participant, having reason to believe that the fine imposed on that Participant by the Service is without merit, may file an Appeal of the fine in writing, accompanied by the proof of correction and payment of fine, using a Request for Appeal Form provided that the Appeal is filed within twenty (20) days of the fine being levied on the Participant.

SECTION 16: FAILURE TO APPEAL A FINE OR CORRECT AN ENTRY AFTER A FINE

If a Participant fails to appeal a fine within the twenty (20) day time period or pay the fine and correct the entry, there shall be an assessment of a \$200.00 fine. Thereafter, every thirty (30) days another \$200.00 fine may be levied if the entry is not corrected. There shall be no appeal rights from any subsequent fines.

SECTION 17: APPEAL HEARING PANELS

The Appeal Hearing Panel shall select a Chairperson. In the event an Appeal Hearing Panelist is disqualified from any Appeal Hearing, the Appeal Hearing Panel shall proceed with no fewer than three (3) members. The Chairperson of any Hearing Panel shall only vote to make or break a tie.

SECTION 18: REQUESTS FOR DOCUMENTS

The Chairperson of any Appeal Hearing Panel may request any documents from an appellant, and appellant shall provide same, that are deemed relevant and necessary to the determination of such appeal. Any failure to provide such requested documents shall be deemed a waiver of all Appeal rights.

SECTION 19: CONTINUANCES

Any Participant having an Appeal is entitled to one (1) continuance of the Hearing date for the Appeal upon reasonable notice to the Appeal Hearing Panel of the need for said continuance. If the Participant fails to appear at the Appeal Hearing and does not request a continuance, the Appeal Hearing shall proceed as scheduled. If the Participant has requested a continuance of the Appeal Hearing, the Appeal Hearing shall be continued to the next regularly scheduled Hearing date for the Appeal Hearing Panel. The Participant shall be notified of the date, place and time of the next Hearing. If the Participant fails to appear before the Appeal Hearing Panel for the second

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scheduled Appeal Hearing pursuant to the continuance, the Participant forever waives the right to appeal that fine which is the subject of said Appeal.

SECTION 20: ATTENDANCE AT APPEAL HEARINGS

The Broker Owner/Manager and the Listing Agent who are the subject of a fine and legal counsel for same may attend an Appeal Hearing.

SECTION 21: APPEAL TO BOARD OF MANAGERS

Within twenty (20) days of the date of the decision of an Appeal Hearing Panel, an appellant may appeal the decision of the Appeals Hearing Panel to the Board of Managers of the Service. The Participant shall submit the basis of any Appeal in writing, accompanied by an "appearance fee" of \$95.00, payable to the Service. The Participant will appear before the Board of Managers on the date, place and time of the scheduled appeal hearing. There shall be no continuances of a scheduled hearing date. Failure to appear before the Board of Managers on the scheduled date shall result in a forfeiture of the appearance fee. The decision of the Board of Managers shall be final and there shall be no further rights of appeal therefrom.

SECTION 22: APPEAL HEARING PROCEDURES

Unless otherwise stated herein, the procedures for all Appeal Hearings will be as provided in Policy Reference File 110a, Code of Ethics and Arbitration Manual of the National Association of REALTORS® as in effect from time to time.

SECTIONS 23-25: CONFIDENTIALITY OF MRED INFORMATION

SECTION 23: CONFIDENTIALITY OF MRED INFORMATION

Any information provided by the Service to Participants shall be considered official information of the Service. Such information shall be considered confidential and exclusively for the use of Participants authorized and qualified to offer/accept cooperation and compensation from the Listing Broker in the sale of property placed into the Service and real estate licensees affiliated with such Participants and those Participants who are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property and licensed or certified appraisers affiliated with such Participants.

SECTION 24: SERVICE NOT RESPONSIBLE FOR ACCURACY OF INFORMATION

The information published and disseminated by the Service is communicated verbatim, without change by the Service, as placed into the Service by the Participants. The Service does not verify the information provided and disclaims any responsibility for its accuracy. Each Participant agrees to hold the Service harmless against any liability arising from any inaccuracy or inadequacy of the information such Participant provides.

SECTION 25: ACCESS TO COMPARABLE AND STATISTICAL INFORMATION

Association/Board Participants who are actively engaged in real estate brokerage, management, mortgage financing and appraising, land development, or building, but who do not participate in the Service, are nonetheless entitled to receive by purchase all information other than current listing information that is generated wholly or in part by the Service including "comparable" information, "sold" information, and statistical reports. Unless ordered by a court of competent jurisdiction otherwise, this information is provided for the exclusive use of Participants so engaged and individuals affiliated with Participants who are also engaged in the real estate business and may not be transmitted, re-transmitted or provided in any manner to any unauthorized individual, office or firm except as otherwise provided in these Rules and Regulations.

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SECTION 26: COPYRIGHT

SECTION 26: OWNERSHIP OF SERVICE COMPILATION AND COPYRIGHTS

By the act of submission of any property listing data to the Service, Participant represents that he has been authorized to grant and also thereby does grant authority for the Service to include the property listing data in the copyrighted Service Compilation and also in any statistical report on "Comparables."

The term Service Compilation, shall be construed to include any format in which property listing data is collected and disseminated to Participants including but not limited to computer data base, Internet, card file, or any other format whatsoever whether electronic or otherwise.

All right, title, and interest in all versions of every Service Compilation created by the Service and the copyrights therein, shall at all times remain vested in the Service, except as provided in the Participant Agreement and Subscriber Agreement. However, consistent with the licenses in the Participant Agreement, Participant Firm may distribute content relating to its own listings, regardless of whether it licensed or assigned content related to its own listings to MRED. MRED may register copyrights in its compilation and underlying works owned by MRED, and sue to prevent infringement of them by third parties.

SECTION 26.1: MRED DIGITAL MILLENNIUM COPYRIGHT ACT (DMCA) POLICY

Midwest Real Estate Data ("MRED") complies with the provisions of the Digital Millennium Copyright Act ("DMCA"). For purposes of said compliance, the name, title, email address, postal address and phone number of a designated agent for MRED (the "MRED DMCA Agent") to receive notification of claimed infringement under Title II of the DMCA is posted on the home page of mredllc.com, in the form of a DMCA Notice. Every Participant and subscriber utilizing MRED listing data must post the exact same DMCA Notice on its website—by doing so, the Participant/subscriber agrees to designate the MRED DMCA Agent as its DMCA agent for any takedown requests. Accordingly, any concerns regarding the use of copyrighted material on any MRED or Participant/subscriber web site shall be directed to the MRED DMCA Agent, who will accordingly respond to reports alleging copyright infringement.

The DMCA specifies that all infringement claims must be in writing (either electronic mail or paper letter) and must include the following:

1. A physical or electronic signature of the copyright holder or a person authorized to act on his or her behalf;
2. A description of the copyrighted work claimed to have been infringed and multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site;
3. A description of the material that is claimed to be infringing or to be the subject of infringing activity, and information reasonably sufficient to permit the service provider to locate the material;
4. Information reasonably sufficient to permit the service provider to contact you, such as an address, telephone number, and, if available, an electronic mail address;
5. A statement that you have a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law; and
6. A statement that the information in the notification is accurate, and under penalty of perjury, that you are authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

Upon notification of a possible copyright violation, the MRED DMCA Agent will expeditiously remove the material in question and inform the Participant and/or subscriber responsible for its posting, or else contact the Participant and/or subscriber to request removal if MRED is unable to remove the material in question, at which point the Participant and/or subscriber must expeditiously remove the material. If agreement cannot be reached between the MRED DMCA Agent and the Participant and/or subscriber, the matter will be brought before MRED's Board of Managers for resolution. Material found to be in violation of copyright law will remain removed. If, however, material is found not to be in violation of copyright law, it may be reposted. The MRED DMCA Agent will be responsible for communicating with the claimant regarding the final disposition of the claim of copyright infringement. The MRED DMCA Agent will keep a record of all claims of copyright violation. Participants and/or subscribers who receive three complaints or Participants and/or subscribers who refuse to remove material when requested will be barred from use of the MRED MLS system.

A Participant and/or subscriber may submit a counter notification if he disputes the fact that the posted material is infringing. Upon receipt of a counter notification, the MRED DMCA Agent will promptly notify claimant with a copy of the counter notification and inform claimant that MRED will replace the removed material in 10 business days. MRED will replace the removed material not less than ten, nor more than fourteen, business days following receipt of the counter notice, unless the MRED DMCA Agent first receives notice that the claimant has filed an action seeking a court order to restrain the infringing party from engaging in infringing activity on the MRED MLS system.

Please note that the MRED DMCA Agent is provided to Participants, free of charge, solely as a beneficial service, and MRED, by doing so, in no way takes on liability for any copyright infringement, nor does such service alter traditional copyright infringement liability

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principles in any way. Therefore, the role of the MRED DMCA Agent is solely to notify Participants and/or subscribers of any copyright infringement claim. Participants and/or subscribers who post infringing content may nonetheless be liable to the copyright owner for copyright infringement according to traditional copyright liability principles.

SECTION 28: USE OF INFORMATION

Use of information developed by or published by the Service is strictly limited to the activities authorized under a Participants licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "Participation" or "Membership" or any right of access to information developed by or published by the Service where access to such information is prohibited by law.

SECTION 29: DISPLAY

Participants and those persons affiliated as licensees with such Participants shall be permitted to display the Service's Compilation of listing information to prospective purchasers only in conjunction with their ordinary business activities of attempting to locate ready, willing, and able buyers for the properties described in said Service Compilation.

SECTION 30: REPRODUCTION

Participants or their affiliated licensees shall not reproduce any Service's Compilation of listing information or any portion thereof except in the following limited circumstances:

Participants or their affiliated licensees may reproduce from the Service's compilation of listing information, and distribute to prospective purchasers, a reasonable number of single copies of property listing data contained in the Service compilation which relate to any properties in which the prospective purchasers are, or may, in the judgment of the Participants or their affiliated licensees, be interested. Nothing contained herein shall be construed to preclude any Participants from utilizing, displaying, distributing, or reproducing property listing sheets or other Compilations of data pertaining exclusively to properties currently listed for sale with the Participant.

Any Service information delivered electronically or in any other form or format is for the exclusive use of the Participants and those licensees affiliated with the Participants who are authorized to have access to such information. Such information may not be transmitted, re-transmitted or provided in any manner to any unauthorized individual, office or firm.

None of the foregoing shall be construed to prevent any individual legitimately in possession of current listing information, "sold" information, "comparables", or statistical information from utilizing such information to support an estimate of value on a particular property for a particular client. However, only such information that has deemed to be non-confidential and necessary to support the estimate of value may be reproduced and attached to the report, as supporting documentation. Any other use of such information is unauthorized and prohibited by these Rules and Regulations.

It is intended that the Participant be permitted to provide prospective purchasers with listing data relating to properties which the prospective purchaser has a bona fide interest in purchasing or in which the Participant is seeking to promote interest. The term "reasonable," as used herein, should therefore be construed to permit only limited reproduction of property listing data intended to facilitate the prospective purchaser's decision-making process in the consideration of a purchase. Factors which shall be considered in deciding whether the reproductions made are consistent with this intent, and thus "reasonable" in number, shall include, but are not limited to, the total number of listings in the Service's Compilation of listing information, how closely the types of properties contained in such listings accord with the prospective purchaser's expressed desires and ability to purchase, whether the reproductions were made on a selective basis, and whether the type of properties contained in the property listing data is consistent with a normal itinerary of properties which would be shown to the prospective purchaser.

Note: Effective October 1, 2011

MRED prohibits the delivery of Agent Only Information to non-licensed personnel, with the exception of seller clients, administrative staff and technical vendors. "Agent Only Information" is defined as the following data: Cooperative Compensation, Agent Remarks, Showing Instructions, Lockbox Codes, and Expiration Dates. Violation of this rule will result in an automatic fine of \$250.00 per reported occurrence.

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SECTION 31: USE OF SERVICE INFORMATION

SECTION 31: LIMITATIONS ON USE OF SERVICE INFORMATION

Use of information from the Service's Compilation of current listing information, from the Participant's "Statistical Report," or from any "sold" or "comparable" report of the Service for public mass media advertising by a Participant or in other public representations by a Participant may not be prohibited.

However, any printed or non-print forms of advertising or other forms of public representations must clearly demonstrate the period of time over which such claims are based and must include the following notice:

"This representation is based in whole or in part on data supplied by Midwest Real Estate Data, LLC for the period (date) through (date). Midwest Real Estate Data, LLC does not guarantee nor is it in any way responsible for its accuracy. Data maintained by Midwest Real Estate Data, LLC may not reflect all real estate activity in the market."

SECTIONS 32-35: BROKER RECIPROCITY

SECTION 32: BROKER RECIPROCITY DEFINED

Broker Reciprocity" is a means by which each Participant subscribing to the program permits the display of their active, pending and sold (closed) listings appearing in connectMLS on each other's BRP Internet web site. If a Participant wishes to opt out of the "Broker Reciprocity" program said Participant will be required to fill out the IDX Opt out form.

Internet Data Exchange (IDX) Rules (Sections 32.1 through 32.9)

- 32.1 Participants must notify the Service of their intention to establish an IDX site and make their IDX site directly accessible to the Service for purposes of monitoring/ensuring compliance with applicable rules and policies.
- 32.2 Participants may not use IDX-provided listings for any purpose other than display on their websites. This does not require participants to prevent indexing of IDX listings by recognized search engines.
- 32.3 Listings or property addresses of sellers who have directed their listing brokers to withhold their listing or property address from display on the Internet (including, but not limited to, publicly-accessible Web sites or VOWs) shall not be accessible via IDX sites. Notwithstanding this prohibition, listing brokers may display on their IDX sites or their other Web site(s) the listing or property address of consenting sellers.

If a seller has: (1) consented to internet display of the listing data for their property; and (2) directed their listing broker to withhold the property address on the Internet, the listing address may not be identified on a map by mapping pins. In this case, mapping pins for the subject property may only be placed at the center of the corresponding zip code or zip+4. In such instances, the display of mapping pins in the exact location of a subject property through a publicly accessible website is strictly prohibited.

In the event a BRP IDX site's programming is incapable of placing mapping pins where permitted by the Service's rules, the BRP's IDX site may no longer display the listing.
- 32.4 Participants may exclude listings from display on their IDX sites based only on objective criteria including, but not limited to, factors such as geography, list price, type of property, or cooperative compensation offered by listing brokers.
- 32.5 Participants must refresh all Service downloads and refresh all Service data at least once to accurately reflect all updates and status changes at least once every 12 hours. Participants displaying sold (closed) data may only display the previous 36 months of said data (based on Closed Date). Once the 36 months has passed, the listings must be removed from the Participants IDX site.
- 32.6 Except as provided elsewhere in this policy or elsewhere in the MRED's Rules and Regulations, an IDX site or Participant operating an IDX site may not distribute, provide, or make any portion of the Service database available to any person or entity.
- 32.7 When displaying listing content, a Participant's or User's IDX site must clearly identify the name of the brokerage firm under which they operate in a readily visible color and typeface, as per Illinois Real Estate License Act, Section 1450.145 - Internet Advertising.

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- 32.8 BROKER RECIPROCITY PARTICIPANT (BRP) - means a Participant in the Broker Reciprocity program.
- 32.9 BRPs agree to MRED's display of BR listings in a manner similar to IDX display on any MRED public facing website and/or search functionality.

SECTION 33: PARTICIPANT IN PROGRAM

"Participant in Program" means any licensed broker actively engaged in providing real estate and/or business brokerage services to buyers or sellers in real estate transactions or otherwise and must have an office located within the MRED boundaries as defined in SECTION 1.

SECTION 34: BROKERAGE SERVICES

"Brokerage Services" means duties performed by a "broker", meaning an individual, partnership, limited liability company, corporation, or registered limited liability partnership other than a real estate salesperson or leasing agent who for another and for compensation either directly or indirectly:

1. Sells, exchanges, purchases, rents or leases real estate or business or business and real estate Listings.
2. Offers to sell, exchange, purchase, rent or lease real estate.
3. Negotiates, offers, attempts, or agrees to negotiate the sale, exchange, purchase, rental or leasing of real estate.
4. Lists, offers, attempts or agrees to list real estate for sale, lease or exchange.
5. Buys, sells, offers to buy or sell, or otherwise deals in options on real estate or improvements thereon.
6. Supervises the collections, offers, attempts or agrees to collect rent for the use of real estate.
7. Advertises or represents himself or herself as being engaged in the business of buying, selling, exchanging, renting or leasing real estate.
8. Assists or directs in procuring or referring of prospects, intended to result in the sale exchange, lease or rental or real estate.
9. Assists or directs in the negotiation of any transaction intended to result in the sale, exchange, lease or rental of real estate.
10. Opens real estate to the public for marketing purposes.

SECTION 34.1: BROKER RECIPROCITY DATABASE

"Broker Reciprocity Database" means the current aggregate compilation of all active, pending and sold (closed) Exclusive Right to Sell, Exclusive Right to Lease and Exclusive Agency listings of all Broker Reciprocity Participants except those listings where the property seller has opted out of the Internet publication by so indicating on the exclusive brokerage agreement. Active listings may be searched and displayed without the requirement that pending/sold (closed) listing information be available. Pending/sold (closed) listings may be searched and displayed via IDX if and only if the IDX site also allows the searching and display of active listings. Sold listings via IDX may only display fields and/or data as indicated in Appendix C: Fields for Sold Data Display on IDX.

SECTION 35: REPUBLICATION OF BROKER RECIPROCITY DATABASE ON INTERNET

A BRP may republish all or a portion of the Broker Reciprocity Database on the Internet in accordance with the following provisions and in keeping with any policies that MRED may adopt from time to time. Unless expressly contravened by the provisions of this section, all other rules and regulations remain in full force and effect.

An Internet republication of another BRP's listing shall not contain more but may contain less information than is contained in MRED's standard Internet data distribution for BR (client full report). The BRP shall update the information on its Internet website at least once every 12 hours.

SECTION 35.1: MODIFICATION/MANIPULATION OF DATA

A BRP may not modify or manipulate the data relating to another BRP's listing. Manipulation, modification, and/or interpretation of data shall include, but not be limited to, additional comments, images and renderings, and such shall not be allowed. This is not a limitation on the design of the site but refers to the actual data. The data may be augmented with information or data from a third party, provided the information is not prohibited and provided the source of the additional information is clearly identified.

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SECTION 35.1.2: CO-MINGLING OF DATA

A BRP who obtains listings from other sources (other Service's non-participating brokers, etc.) may co-mingle these listings, provided all such displays are consistent with these IDX rules. The source from which each listing was obtained must be displayed within each listing's detail.

SECTION 35.2: ICON AND ATTRIBUTION

The MRED approved icon and an explanation that those properties marked with the icon are provided courtesy of Midwest Real Estate Data, LLC. Broker Reciprocity Database must appear on the first page where any listing data is displayed.

SECTION 35.3: BRIEF/"THUMBNAIL" DISPLAY OF IDX DATA & MRED ICON DISPLAY

Any search result identifying another BRP's listing in a brief or "thumbnail" format shall bear the MRED-approved icon or the MRED-approved thumbnail icon immediately adjacent to the property information to identify the listing as an MRED listing. The MRED-approved icon shall be at least 95 pixels by 35 pixels. The MRED-approved thumbnail icon shall be at least 35 pixels by 35 pixels. A thumbnail display of another BRP's listing may not include any contact information or branding of the BRP who owns the web site or any of its agents. A thumbnail display may only include the following: text data about the listing property, a photo of the listing, the logo of the listing broker or MRED-approved icon, and buttons providing links for other information.

SECTION 35.4: DETAILED DISPLAY OF IDX DATA AND MRED COPYRIGHT INFORMATION

A search result producing a detailed display of another BRP's active or pending listings shall bear that BRP's firm name, the MRED-approved icon, and MRED's copyright notice immediately following the property information. The BRP's firm name, MRED-approved icon, and copyright notice shall be at least as large as the largest type size used to display the listing data. A detailed display of another BRP's listing may not include any contact information or branding of the Participant who owns the web site in any of the rectangular space whose borders are delimited by the utmost extent in each direction of the listing text and photo data.

When displaying detailed listing data, it must always be presented in a non-misleading manner consistent with the data displayed on MRED's MLS system.

When displaying said data in a manner as may be easily misconstrued, every possible effort must be made to clarify the issue including, but not limited to, the display of other related field data.

Example: MRED does not allow below grade bedrooms to be counted in the Total Number of Bedrooms field. There are 3 fields for bedroom related counts: those above grade, those below grade, and all bedrooms regardless of grade level.

If a display show the count of bedrooms above grade, no clarification is necessary. If a display shows the field data for all bedrooms regardless of grade level, it must also display the total number of bedrooms above grade and the total number of bedrooms below grade.

When displaying sold (closed) listing content, a Participant's IDX site must clearly identify the listing brokerage and cooperating brokerage firm name, the MRED-approved icon, and MRED's copyright notice immediately following the property information. The listing brokerage and cooperating brokerage firm name, MRED-approved icon, and copyright notice shall be at least as large as the largest type size used to display the listing data.

SECTION 35.5: DISCLAIMER

Any result identifying another BRP's listing shall include the disclaimer "The accuracy of all information, regardless of source, including but not limited to square footages and lot sizes, is deemed reliable but not guaranteed and should be personally verified through personal inspection by and/or with the appropriate professionals."

SECTION 35.6: BRP CONTROL

Any Internet web site used for publication of the Broker Reciprocity database or any portion thereof must be controlled by a BRP and advertised as that Internet web site.

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Non-Principal Brokers and Sales Licensees affiliated with BRP may display information available through Broker Reciprocity on their own websites subject to Participant's (BRP) consent and control and the requirement of state law and/or regulation and these Rules and Regulations.

SECTION 35.7: MONITORING

A BRP displaying the Broker Reciprocity Database or any portion thereof shall make reasonable efforts to avoid "scraping" of the data by third parties or displaying of that data on any other web site. Reasonable efforts shall include but not be limited to:

- a) Monitoring the web site for signs that a third party is "scraping" data and
- b) Prominently posting notice that any use of search facilities of data on the site, other than by a consumer looking to purchase real estate, is prohibited.

If a BRP suspects "scraping" of the data has occurred, the suspicion and any evidence must be reported to the MRED immediately for investigation and action.

SECTION 35.8: NOTICE OF VIOLATIONS

A BRP must make changes to an Internet site necessary to cure a violation of MRED's Rules within 72 hours of notice from MRED of the violation, or cease all actions, which MRED reasonably believes, are in breach of the restrictions/limitations on use herein or be subject to provisions of Section 34 herein.

SECTION 35.9: RESTRICTIONS/LIMITATIONS ON USE

No portion of the Broker Reciprocity Database shall be used or provided to a third party for any purpose other than those expressly provided for in Sections 26 and 32 of these Rules and Regulations.

SECTION 35.10: MRED'S RIGHT TO CANCEL SERVICE

MRED reserves the right to discontinue the BR data feed and/or Service access to a BRP Participant within 72 hours from the time of giving notice to a BRP Participant, if MRED and/or Service access reasonably believes a BRP Participant is in violation of any Section hereof, or is in breach of the Restrictions/Limitations on Use, within the sole determination for MRED, and has failed to curb such breach within 72 hours. The Restrictions/Limitations on Use include, but are not limited to: any sale, lease, distribution or creation of derivative products for compensation in kind or dollar by the Participant. In the event of the termination of any such BR data feed, the BRP Participant shall, to reactivate the BR feed, (i) sign an agreement to cease any current violation and desist any future violation of any Section herein and breach of any Restrictions/Limitations on use as promulgated by MRED and (ii) pay the activation fee of \$2,500.00 (two thousand-five hundred dollars) prior to reactivation.

SECTION 35.11: COMMENTS AND REVIEWS: AVMs

A BRP may NOT allow third-parties (i) to write comments or reviews about particular listings or display a hyperlink to such comments or reviews in immediate conjunction with particular listings, or (ii) display an automated estimate of the market value of the listing (or hyperlink to such estimate) in immediate conjunction with the listing.

- a) A Participant's IDX may display an automated estimate of the market value of the listing (or hyperlink to such estimate) in immediate conjunction with the listing.
- b) Notwithstanding the foregoing, at the request of a seller the Participant shall disable or discontinue this feature described in subsection (a) as to any listing of the seller. The listing broker or agent shall communicate to the Service that the seller has elected to have this feature disabled or discontinued on all Participants' websites. A Participant's IDX may notify its customers that a particular feature has been disabled at the request of the seller.

SECTION 35.12: ACCURACY/CORRECTION OF PROPERTY INFORMATION

If a BRP's IDX is enabled for comments, reviews, and/or AVMs in accordance with Section 35.11, said Participant's IDX shall maintain a means (e.g., email address, telephone number) to receive comments from the listing broker about the accuracy of any information

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that is added by or on behalf of the Participant beyond that supplied by the Service and that relates to a specific property displayed on the IDX. The Participant shall correct or remove any false information relating to a specific property within 48 hours following receipt of a communication from the listing broker explaining why the data or information is false. The Participant shall not, however, be obligated to correct or remove any data or information that simply reflects good faith opinion, advice or professional judgment.

SECTION 35.13: FRANCHISORS AND IDX

BRPs may choose, on an opt-in basis, to allow their IDX listings to be displayed by real estate franchise organizations ("Franchisors"). For the purposes of this policy, "Franchisor" is defined as a company granting real estate brokerage franchises under the franchisor's trademarks pursuant to a franchise disclosure document meeting applicable Federal Trade Commission Rules. Franchisors may only display the IDX listings of those BRP's who have opted-in to Franchisor display. Franchisor must display said listings in accordance with all other MRED IDX display rules. Failure of a Franchisor to comply with any MRED requirement can, at MRED's discretion, result in suspension or termination of the Participants' authority to provide MRED's IDX data to the Franchisor.

SECTION 36: USE OF TERMS

SECTION 36.1: USE OF TERMS

The acceptable use of the term "Service" or "MLS" or "Multiple Listing Service" is for a Participant to indicate they are a Participant of Midwest Real Estate Data LLC.

As used in Sections 36 of these Rules, the term "Participant" includes a Participant's affiliated non-brokers and sales licensees- except when the term is used in the phrases "Participant's consent" and "Participant's oversight, supervision and accountability".

No Participant or Non-Participant shall indicate or imply or infer in any medium (electronic or otherwise) that the Participant or Non-Participant is or operates a multiple listing service. Participants and Non-Participants shall not use the term "multiple listings service" the acronym "MRED" or any derivatives in company/firm names. No Participant or Non-Participant shall indicate, imply or infer in any manner that the Participant is a multiple listing service or that the public has access to or may search the multiple listing service (e.g. "Search the MLS" or "Access/Search MRED/Midwest Real Estate Data, LLC") on their own Web sites or in any advertising media. All existing uses of such terms in the previously stated manner are subject to the penalties stated in this rule.

Use of the term "multiple listing service" the acronym "MLS" or any derivatives is acceptable in Domain names, web addresses, and URL's, as long as the name does not imply and/or infer that the web site is associated with, or operated by Midwest Real Estate Data, LLC (MRED).

SECTION 36.2: GRANDFATHERING COMPANY NAMES

If the Participant's office, firm, corporation, limited liability company or partnership name is registered with the Secretary of State and accepted by a Board/Association at the time the Participant joined the Association/Board and became a Participant in the Service and prior to April 1, 2008, the Participant is permitted to advertise itself using it's company's name provided that Participant complies with all other terms of MRED's Rules and Regulations.

SECTION 36.3: RULE VIOLATION PENALTIES

Any Participant or Non-Participant who continues to operate a website, maintain a corporate name, uses the words MRED or derivatives in their name or is otherwise in contravention of Section 36.1 shall be fined \$500.00 for the first offense, \$1,000.00 for the second offense and \$2,500.00 for the third offense. In each case, the Participant or Non-Participant shall remove the offending language that violates Section 36.1 within seventy-two (72) hours of written notice from MRED. Failure to do so will result in such Participant or Non-Participant's data feeds and agreements with such Participant or Non-Participant or third party vendor servicing such Participant or Non-Participant to then cease until full compliance by such Participant or Non-Participant with this Rule. Any further non-compliance would result in termination of the Participant's Service access privileges.

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SECTION 37: VIRTUAL OFFICE WEBSITE (VOW) POLICY

SECTION 37.1: DEFINITIONS

- a) A Virtual Office Website (VOW) is a Participant's Internet website, through which the Participant is capable of providing real estate brokerage services to consumers with whom the Participant has first established a broker-consumer relationship (as defined by state law), where the consumer has the opportunity to search for all active and closed Service data, subject to the Participant's oversight, supervision and accountability. A non-principal broker or sales licensee affiliated with a Participant may, with his or her consent, operate a VOW. Any VOW of a non-principal broker or sales licensee is subject to the Participant's oversight, supervision and accountability.
- b) As used in Section 37 of these Rules, the term "Participant" includes a Participant's affiliated non-brokers and sales licensees—except when the term is used in the phrases "Participant's consent" and "Participant's oversight, supervision and accountability". References to "VOW" and "VOWs" include all VOWs, whether operated by a Participant, by a non-principal broker or sales licensee, or by an Affiliated VOW Partner ("AVP") on behalf of a Participant.
- c) "Affiliated VOW Partner" ("AVP") refers to an entity or person designated by a Participant to operate a VOW on behalf of the Participant, subject to the Participant's supervision, accountability and compliance with the VOW policy. No AVP has independent participation rights in the Service by virtue of its right to receive information on behalf of a Participant. No AVP has the right to use Service Listing Information except in connection with operation of a VOW on behalf of one or more Participants. Access by an AVP to the Service Listing Information is derivative of the rights of the Participant on whose behalf the AVP operates a VOW.
- d) As used in Section 37 of these Rules, the term "Service Listing Information" refers to active listing information and sold data provided by Participants to the Service and aggregated and distributed by the Service to Participants.

SECTION 37.2: SCOPE OF POLICY

- a) The right of a Participant's VOW to display Service Listing Information is limited to that supplied by the Service(s) in which the Participant has participatory rights. However, a Participant with offices participating in different Services may operate a master website with links to the VOW's of other offices.
- b) Subject to the provisions of the VOW policy and these Rules, a Participant's VOW, including any VOW operated on behalf of a Participant by an AVP, may provide other features; information, or functions e.g. Internet Data Exchange ("IDX").
- c) Except as otherwise provided in the VOW policy or in these Rules, a Participant need not obtain separate permission from other Service Participants whose listings will be displayed on the Participant's VOW.

SECTION 37.3: CONSUMER REGISTRATION VOW REQUIREMENTS

- a) Before permitting any consumer to search for or retrieve any Service Listing Information on his or her VOW, the Participant must take each of the following steps:
 - i. The Participant must first establish with that consumer a lawful broker-consumer relationship as defined by state law), including completion of all actions, required by state law in connection with providing real estate brokerage services to clients and customers (hereinafter "Registrants"). Such actions shall include, but are not limited to, satisfying all applicable agency, non-agency, and other disclosure obligations, and execution of any required agreements.
 - ii. The Participant must obtain the name of and a valid email address for, each Registrant. The Participant must send an email to the address provided by the Registrant confirming that the Registrant has agreed to the Terms of Use (described in subsection (d) below). The Participant must verify that the email address provided by the Registrant is valid and that the Registrant has agreed to the Terms of Use.
 - iii. The Participant must require each Registrant to have a user name and a password, the combination of which is different from those of all other Registrants on the VOW. The Participant may, at his or her option, supply the user name and password or may allow the Registrant to establish its user name and password. The Participant must also assure that any email address is associated with only one user name and password.
- b) The Participant must assure that each Registrant's password expires on a date certain, but may provide for renewal of the password. The Participant must at all times maintain a record of the name, email address, user name and current password of each Registrant. The Participant must keep such records for not less than 180 days after the expiration of the validity of the Registrant's password.

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- c) If the Service has reason to believe that a Participant's VOW has caused or permitted a breach in the security of the Service Listing Information or a violation of Service rules, the Participant shall, upon request of the Service, provide the name, email address, user name and current password, of any Registrant suspected of involvement in the breach or violation. The Participant shall also, if requested by the Service, provide an audit trail of activity by any such Registrants.
- d) The Participant shall require each Registrant to review, and affirmatively to express agreement (by mouse click or otherwise) to, a "Terms of Use" provision that provides at least the following:
 - i. That the Registrant acknowledges entering into a lawful consumer-broker relationship with the Participant;
 - ii. That all data obtained by the Registrant from the VOW is intended only for the Registrant's personal, non-commercial use;
 - iii. That the Registrant has a bona fide interest in the purchase, sale or lease of real estate of the type being offered through the VOW;
 - iv. That the Registrant will not copy, redistribute or retransmit any of the data or information provided, except with the Registrant's consideration of the purchase or sale of an individual property;
 - v. That the Registrant acknowledges the Service' ownership of and the validity of the copyright in the Service database.
- e) The Terms of Use Agreement may not impose a financial obligation on the Registrant or create any representation agreement between the Registrant and the Participant. Any agreement entered into at any time between the Participant and Registrant imposing a financial obligation on the Registrant must be established separately from the Terms of Use, must be prominently labeled and may not be accepted solely by mouse click.
- f) The Terms of Use agreement shall also expressly authorize the Service, and other Service Participants or their duly authorized representatives, to access the VOW for the sole purpose of monitoring compliance with MRED rules and monitoring display of Participant's listings by the VOW. The agreement may also include such other provisions as may be agreed to between the Participant and the Registrant.

SECTION 37.4: CONTACT INFORMATION

A Participant's VOW must prominently display an email address, telephone number or specific identification of another mode of communication (e.g., live chat) by which a consumer can contact the Participant to ask questions, or get more information, about properties displayed on the VOW. The Participant, or a non-principal broker or sales licensee licensed with the Participant, must be willing and able to respond knowledgeably to inquiries from Registrants about properties within the market area served by that Participant and displayed on the VOW.

SECTION 37.5: MONITORING

A Participant's VOW must employ reasonable efforts to monitor for, and prevent, misappropriation, "scraping", and other unauthorized use of Service information. A Participant's VOW shall utilize appropriate security protection such as firewalls as long as this requirement does not impose security obligations greater than those employed concurrently by the Service.

SECTION 37.6: LISTINGS/PROPERTY ADDRESSES

- a) A Participant's VOW shall not display listings or property addresses of any seller who has affirmatively directed the listing broker to withhold the seller's listing or property address from display on the Internet. The listing broker shall communicate to the Service that the seller has elected not to permit display of the listing or property address on the Internet. Notwithstanding the foregoing, a Participant who operates a VOW may provide to customers via other delivery mechanisms, such as email, fax or otherwise, the listings of sellers who have determined not to have the listing for their property displayed on the Internet.
- b) A Participant who lists a property for a seller who has elected not to have the property listing or the property address displayed on the Internet shall cause the seller to execute a document (See Appendix B)

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SECTION 37.7: COMMENTS AND REVIEWS; AVMs

- a) Subject to subsection (b), a Participant's VOW may allow third-parties (i) to write comments or reviews about particular listings or display a hyperlink to such comments or reviews in immediate conjunction with particular listings, or (ii) display an automated estimate of the market value of the listing (or hyperlink to such estimate) in immediate conjunction with the listing.
- b) Notwithstanding the foregoing, at the request of a seller the Participant shall disable or discontinue either or both of these features described in subsection (a) as to any listing of the seller. The listing broker or agent shall communicate to the Service that the seller has elected to have one or both of these features disabled or discontinued on all Participants' websites. Subject to the foregoing and to Section 37.8, a Participant's VOW may communicate the Participant's professional judgment concerning any listing. A Participant's VOW may notify its customers that a particular feature has been disabled "at the request of the seller."

SECTION 37.8: ACCURACY/CORRECTION OF PROPERTY INFORMATION

A Participant's VOW shall maintain a means (e.g., email address, telephone number) to receive comments from the listing broker about the accuracy of any information that is added by or on behalf of the Participant beyond that supplied by the Service and that relates to a specific property displayed on the VOW. The Participant shall correct or remove any false information relating to a specific property within 48 hours following receipt of a communication from the listing broker explaining why the data or information is false. The Participant shall not, however, be obligated to correct or remove any data or information that simply reflects good faith opinion, advice or professional judgment.

SECTION 37.9: UPDATING OF INFORMATION

A Participant shall cause the Service Listing Information available on its VOW to be refreshed at least once every three (3) days.

SECTION 37.10: DISTRIBUTION OF INFORMATION

Except as provided in these rules or any other applicable Service rules or policies, no Participant shall distribute, provide or make accessible any portion of the Service Listing Information to any person or entity.

SECTION 37.11: PRIVACY POLICY

A Participant's VOW must display the Participant's privacy policy informing Registrants of all of the ways in which information that they provide may be used.

SECTION 37.12: EXCLUSION OF LISTINGS

A Participant's VOW may exclude listings from display based only on objective criteria, including, but not limited to, factors such as geography, list price, type of property, cooperative compensation offered by listing broker, and whether the listing broker is a REALTOR®.

SECTION 37.13: INTENTION TO OPERATE VOW

A Participant who intends to operate a VOW to display Service Listing information must notify the MLS of its intention to establish a VOW, and must make the VOW readily accessible to the Service and to all Participants for purposes of verifying compliance with these Rules, the VOW Policy, and any other applicable Service rules or policies.

SECTION 37.14: MULTIPLE VOWs

A Participant may operate more than one VOW himself or herself or through an AVP. A Participant who operates his or her own VOW may contract with an AVP to have the AVP operate other VOW's on his or her behalf. However, any VOW operated on behalf of a Participant by an AVP is subject to the supervision and accountability of the Participant.

SECTION 37.15: EXCLUSIONS FROM SEARCHES

A Participant's VOW may not make available for search by, or display to Registrants any of the following information:

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- a) Expired or cancelled listings.
- b) The compensation offered to other Service Participants.
- c) The type of listing agreement, i.e. Exclusive Right to Sell, Exclusive Right to Lease or Exclusive Agency.
- d) The seller's and occupant's name(s), phone number(s) or e-mail address(es).
- e) Instructions or remarks intended for cooperating brokers, such as those regarding showings or security of listed property.
- f) Agent Only Information as defined in Section 30 of these Rules & Regulations.

SECTION 37.16: CHANGING/AUGMENTING CONTENT

A Participant shall not change the content of any Service information that is displayed on a VOW from the content as it is provided in the Service. The Participant may, however, augment Service Listing Information with additional information not otherwise prohibited by these Rules or by other applicable Service rules or policies as long as the source of such other information is clearly identified. This rule does not restrict the format of display of Service Listing Information on VOW's or the display on VOW's of fewer than all of the authorized information fields.

When displaying detailed listing data, it must always be presented in a non-misleading manner consistent with the data displayed on MRED's MLS system.

When displaying said data in a manner as may be easily misconstrued, every possible effort must be made to clarify the issue including, but not limited to, the display of other related field data.

Example: MRED does not allow below grade bedrooms to be counted in the Total Number of Bedrooms field. There are 3 fields for bedroom related counts: those above grade, those below grade, and all bedrooms regardless of grade level.

If a display show the count of bedrooms above grade, no clarification is necessary. If a display shows the field data for all bedrooms regardless of grade level, it must also display the total number of bedrooms above grade and the total number of bedrooms below grade.

SECTION 37.17: VOW NOTICE

A Participant shall cause to be placed on his or her VOW, a notice indicating that the Service Listing Information displayed on the VOW is deemed reliable but is not guaranteed accurate by the Service. A Participant's VOW may include other appropriate disclaimers necessary to protect the Participant and/or the Service from liability.

SECTION 37.18: LIMITATION ON NUMBER OF LISTINGS

A Participant shall not limit the number of listings that a Registrant may view, retrieve or download.

SECTION 37.19: DELETED

SECTION 37.20: ADVERTISING

A Participant may display advertising and the identification of other entities ("co-branding") on any VOW the Participant operates or that is operated on his or her behalf. However, a Participant may not display on any such VOW deceptive or misleading advertising or co-branding. For purposes of this Section, co-branding will be presumed not to be deceptive or misleading if the Participant's logo and contact information (or that of at least one Participant, in the case of a VOW established and operated on behalf of more than one Participant) is displayed in immediate conjunction with that of every other party, and the logo and contact information of all Participants displayed on the VOW is as large as the logo of the AVP and larger than that of any third party.

SECTION 37.21: SOURCES OF LISTINGS

A Participant shall cause any listing displayed on his or her VOW that is obtained from other sources, including from another Service or from a broker not participating in the Service, to identify the source of the listing.

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SECTION 37.22: SEARCHING OF LISTINGS FROM OTHER SOURCES

A Participant shall cause any listing displayed on his or her VOW obtained from other sources, including from another Service or from a broker not participating in the Service, to be searched separately from the listings in the Service.

SECTION 37.23: LICENSEE AGREEMENT

Participants and the AVP's operating VOW's on their behalf must execute the license agreement required by the Service.

SECTION 37.24: WITHHELD LISTINGS

Where a seller affirmatively directs their listing broker to withhold either the seller's listing or the address of the seller's listing from display on the Internet, a copy of the seller's affirmative direction shall be provided to the Service (if requested) within 48 hours.

SECTION 37.25: SECURITY

Services that allow persistent downloading of the Service database by Participants for display or distribution on the Internet or by other electronic means may require that Participants (1) utilize appropriate security protection, such as firewalls, which requirement may not impose on Participants security obligations greater than those employed concurrently by the Service; and (2) maintain an audit trail of Registrants' activity on the VOW and make that information available to the Service if the Service has reason to believe that a Participant's VOW has caused or permitted a breach in the security of the data or a violation of MRED rules related to use by one or more Registrants.

EFFECTIVE DATE OF VIRTUAL OFFICE WEBSITE (VOW) POLICY: APRIL 1, 2009

See Appendix A for Sanctions Available for Service Rules Violations and Data Misappropriation.

SECTION 38: MOBILE AND ELECTRONIC DISPLAY DEVICES

SECTION 38.1: DEFINITIONS

As used in this Section and applied in these Rules and Regulations:

- a) Mobile Devices are defined as portable instruments capable of accessing the Internet, and include for example but are not limited to the following: smart phones, mobile phones, handheld devices, handheld computers, mobile Internet devices, PDAs (personal digital assistants) and Blackberrys.
- b) Electronic Display Devices are defined as instruments that exhibit information, and include for example but are not limited to the following: digital signage, electronic display boards, public facing monitors and electronic kiosks.

SECTION 38.2: TRANSMISSION OF LISTING CONTENT

Participants and their agents may transmit listing content according to the following guidelines:

- a) The VOW database may be published via Mobile Devices so long as said publication is done in accordance with the provisions of Section 37 of these Rules and Regulations.
- b) The IDX database may be published via Mobile Devices and/or Electronic Display Devices so long as said publication is done in accordance with the provisions of Sections 32 through 35 (the "Broker Reciprocity" sections) of these Rules and Regulations.
- c) Notwithstanding the foregoing as specified in Section 38.2 (b) regarding IDX data published via Mobile Devices, the requirements to post logos and display the MRED-approved icon is waived specifically for Mobile Devices only. The following language shall suffice for MRED's copyright notice: "this listing is part of the MRED data exchange program provided courtesy of [the listing office's name]." This language will be delivered via text or voice as part of the data being delivered to the mobile device for each listing.

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SECTION 39:USE OF CONTACT INFORMATION POLICY

SECTION 39.1: DEFINITION OF APPROPRIATE/INAPPROPRIATE USE

The purpose of user contact information (address, phone number, fax number, email address, etc.) contained within MRED systems is to aid in the transaction of real estate business.

Contact Information is prohibited from being used for solicitation of services outside the scope of the transaction of real estate business. Inappropriate use of contact information (email address, etc.) includes, but it not limited to:

- Mass solicitation for employment/recruiting
- Unsolicited mass distribution of listings and/or other marketing materials to MRED system users
- Mass offering of products and/or services not related to the transaction of real estate business
- Spam
- Downloading of any form of contact information (email address, phone number, fax number, etc.) for a purpose other than transacting real estate business is strictly prohibited.

In an effort to prevent email addresses from being mass downloaded from MRED systems, MRED does not make email addresses available for download via RETS.

In the event an individual email is sent from one MRED system user to another, it must also comply with Section 9.8: E-mail/Use of the Term "MRED" as found in these MRED Rules and Regulations.

SECTION 39.2: REMEDY

Every system user and/or vendor is restricted from utilizing contact information contained in MRED's systems in the prohibited manner(s) detailed above. In the event of inappropriate usage of contact information, MRED reserves the right to suspend and/or terminate access to MRED systems as MRED sees fit to remedy said inappropriate use. MRED reserves the right to additionally pursue all available remedies as detailed in MREDS Rules and Regulations and in accordance with applicable law.

SECTION 40:MLS DATA SHARING COOPERATIVE

SECTION 40.1 DEFINITIONS

- 40.1.1 "MLS Data Sharing Cooperative" or "DSC" means the unincorporated association of REALTOR® associations and multiple listing services (the "DSC MLSs") providing access to the active multiple listing data of each DSC MLS to the Participants of all the DSC MLSs. "DSC" refers both to the associations and to the DSC MLSs. MRED is a DSC MLS.
- 40.1.2 "Other MLS" means any DSC MLS, other than MRED, from which Participant or its salespeople wish to obtain access to listing information.
- 40.1.3 "Other MLS Policies" means the Other MLS's bylaws, policies and procedures manual, and rules and regulations, as the Other MLS amends them from time to time. These policies may differ from those of MRED.

SECTION 40.2 PURPOSE

The purpose of the DSC is to make it possible for participants and subscribers of each DSC MLS to disseminate listing information to, make offers of compensation to, and receive offers of compensation from participants in all the other DSC MLSs. Firms that cannot make offers of compensation and are not entitled to active listing information in MRED's systems are not entitled to use the DSC.

SECTION 40.3 OFFERS OF COMPENSATION

Offers of Compensation only apply between DSC MLSs which have agreed to offer reciprocal compensation between their participants. Any offer of compensation implies that all parties are properly licensed in the necessary jurisdiction(s) and are legally capable of offering/receiving compensation. Each participant in each DSC MLS, including Participant, is bound by its offer of compensation in its home MLS with regard to all other Participants in DSC MLSs. In other words, if a broker with authorized DSC access in another MLS

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finds Participant's listing in MRED's systems and is the procuring cause of its sale, Participant is obliged to pay to that broker the compensation specified on the listing record in MRED's systems, subject to these rules. The compensation on a listing appearing through the DSC is the same as the compensation appearing in the MLS where the listing record originates. In the event a property is listed in more than one MLS, and the compensation offered on those listing records varies, the listing broker and cooperating broker must resolve any differences through negotiation, mediation, or arbitration as provided under these rules.

SECTION 40.4 LISTING BROKERS PARTICIPATING IN MORE THAN ONE MLS

If a Participant in MRED is also a Participant in any other DSC MLS, and the Participant enters a listing for a property into MRED's systems and any other DSC MLS with differing cooperating commission amounts, the follow provisions shall apply:

- 40.4.1 **Cooperating broker chooses which offer to accept.** If a cooperating brokerage is aware of multiple offers of compensation from a listing brokerage on the same property in different DSC MLSs, the cooperating brokerage may select which offer of compensation it will accept. If the cooperating brokerage is the procuring cause of the sale of the property, it will be entitled to payment according to the offer of compensation that it accepted.
- 40.4.2 **Arbitration required.** In the event of a dispute regarding compensation under this Section, listing brokerage and cooperating brokerage shall submit to arbitration under Article 17 of the Code of Ethics of the National Association of REALTORS® as provided in these rules.
- 40.4.3 **Evidence to be considered.** In the event of an arbitration arising in a dispute under this Section, the arbitration panel may consider, in addition to all other information, testimony from the cooperating brokerage regarding its awareness of listing brokerage's multiple offers and testimony and contemporaneous records from listing brokerage regarding the cooperating brokerage's stated expectation of compensation at the time the cooperating brokerage submitted the offer that was eventually accepted by the seller.

SECTION 40.5 COMMISSION DISPUTES

Participants must mediate or arbitrate (or both) any dispute over any commission offered through the DSC between Participant and any other broker or licensee participating in any DSC MLS. All mediation and arbitration will take place as set forth in Article 17 of the National Association of REALTORS® (NAR) Code of Ethics. Participant accepts the jurisdiction and mediation and arbitration procedures of the Minnesota Association of REALTORS® (MAR).

SECTION 40.6 ACCESS TO OTHER MLSs

Access to data of Other MLSs is subject to the following provisions:

- 40.6.1 **Access to Listing Data in Other MLSs.** Participant and its salespeople may have access to the active listings of an Other MLS through the DSC according to the terms of that Other MLS's rules and regulations. Access to active listings in other DSC MLSs is available only to those Participants entitled to access to active listings in MRED's systems.
- 40.6.2 **No Input or IDX/Broker ReciprocitySM.** Neither Participant nor its salespeople are entitled to (i) input any listing content into an Other MLS Database or (ii) use any portion of an Other MLS Database on any IDX or Broker ReciprocitySM web site of Participant. These privileges are limited to brokers and licensees who become Participants and subscribers directly to the Other MLS.

SECTION 40.7 APPLICATION OF OTHER MLS RULES

If the Participant accesses or allows any of its salespeople to access the listing data of an Other MLS, Participant becomes bound by the rules and regulations of that Other MLS with regard to that listing data and with regard to any transaction arising from use of that data. The following provisions also apply.

- 40.7.1 **Priority of Rules and Agreements.** Access by Participant and its salespeople to the Other MLS Database is subject at all times to the limitations set out in the Other MLS Policies. In the event of an apparent conflict between the Other MLS Policies and these rules, Participant's obligations and rights shall be determined, in order of precedence, by the Other MLS Policies, by any agreement between Participant or its salespeople and the Other MLS, and by these rules.
- 40.7.2 **Use limited.** Participant and its salespeople may use the Other MLS Database solely for the purpose of selling, listing, leasing, and appraising real estate as provided in the Other MLS Policies. Except as expressly provided in the Other MLS Policies, Participant and its salespeople may not copy, create derivative works of, distribute, perform, or display the Other MLS Database or any part of it.

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- 40.7.3 **Confidentiality.** Participant and its salespeople shall maintain the confidentiality of all user IDs and passwords and of the Other MLS Database; Participant, its salespeople, and its employees shall not provide IDs or passwords to any third party. To maintain the confidentiality of all user IDs, passwords, and the Other MLS Database, Participant, its salespeople, and its employees shall take the greater of reasonable care or the care Participant takes to protect its own confidential information.
- 40.7.4 **Consideration of alleged rule violations.** Participant must submit to the jurisdiction of the Other MLS with regard to any alleged violation of the Other MLS Policies, whether relating to a listing record in the Other MLS Database or to another broker Participant in the Other MLS. Participant remains subject to the rules of MRED as well. As a result, it is possible that the same act or acts could constitute a violation of policy in both the Other MLS and MRED, and that Participant may be sanctioned in both MLSs if Participant is found culpable. Participant consents to Other MLSs communicating the final resolutions of disciplinary proceedings to all DSC MLSs.
- 40.7.5 **Fines.** The Other MLS may collect fines from Participant for violation of the Other MLS Policies. Payment terms for fines are set out in the Other MLS Policies. The Other MLS may amend its schedule of fines and terms for collecting them at its sole discretion at any time. In the event Participant fails to pay a fine levied by the Other MLS, the Other MLS may discontinue further access to the Other MLS database by Participant and its licensees.
- 40.7.6 **Other sanctions.** In addition to fines, Participant may be subject to other sanctions levied by MRED and by the Other MLS, including discontinued access to the DSC, the Other MLS Database, or MRED itself.

SECTION 40.8 DISCLAIMER OF WARRANTIES

The Other MLS provides the Other MLS data on an “as is,” “as available” basis. Use of the Other MLS data and the information available through the Other MLS data are at Participant’s sole risk. MRED and the Other MLS do not warrant that the Other MLS data will be uninterrupted or error-free, accurate, complete, current or reliable.

SECTION 40.9 SAVED INFORMATION

Saved Information in the DSC may not always be available to Participant and its salespeople and may become available to unauthorized persons. MRED and the Other MLS are not liable for unauthorized access to or loss of Saved Information.

APPENDIX A: SANCTIONS

Internal Remedies for Service Rules Violations

1. A fine of up to \$5,000.
2. Suspension of Service privileges.
3. Termination of Service privileges.

Judicial Remedies for Data Misappropriation and Copyright Infringement

1. Injunctive relief.
2. Statutory damages, which may range from \$750 to \$30,000, in the discretion of the court, or up to \$150,000 if the infringement is willful.
3. Actual damages and lost profits.
4. Attorney’s fees and costs, at the discretion of the court.
5. Potential criminal penalties.

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APPENDIX B:SELLER OPT-OUT FORM

CHECK ONE:

_____ OPTION A - I HAVE ADVISED MY BROKER OR SALES AGENT I DO NOT WANT THE LISTED PROPERTY TO BE DISPLAYED ON THE INTERNET; OR

_____ OPTION B - I HAVE ADVISED MY BROKER OR SALES AGENT I DO NOT WANT THE ADDRESS OF THE LISTED PROPERTY TO BE DISPLAYED ON THE INTERNET.

I UNDERSTAND AND ACKNOWLEDGE THAT, IF I HAVE SELECTED OPTION A, CONSUMERS WHO CONDUCT SEARCHES FOR LISTINGS ON THE INTERNET WILL NOT SEE INFORMATION ABOUT THE LISTED PROPERTY IN RESPONSE TO THEIR SEARCH.

DATE: _____

SIGNATURE OF SELLER

SIGNATURE OF SELLER

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APPENDIX C: FIELDS FOR SOLD DATA DISPLAY ON IDX

1. Listing Office Name
2. Selling Office Name
3. Listing Photos
4. Street Address
5. County
6. City
7. Area
8. State
9. Zip Code
10. Status
11. Sale Price
12. MLS Number
13. Property Type
14. Year Built
15. Number of Bedrooms
16. Number of Baths
17. Garage/ Parking Fields
18. Approximate Square Feet
19. Lot Size
20. Public Remarks
21. Property Characteristics

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MRED Rules & Regulations Change Log

Date of Change	Section Modified	Added/Removed/Modified	Description
December 21, 2010	SECTION 6.1.3	New Section Added	BRANDING OF CLIENT-VIEWABLE INFORMATION
	SECTION 26.1	New Section Added	MRED DIGITAL MILLENNIUM COPYRIGHT ACT (DCMA) POLICY
	SECTION 35.1	Sentence Added (Second sentence of paragraph)	MODIFICATION/MANIPULATION OF DATA
June 2, 2011	SECTION 1(b)	Added Paragraph	MARKETING OF FUTURE BUYER'S CONTRACTUAL RIGHTS
	SECTION 6.1.1	Added Verbiage	PRIMARY PHOTO MUST REMAIN REGARDLESS OF STATUS
	SECTION 6.1.1	Revised Verbiage	PHOTO CONTENT PROHIBITIONS
	SECTION 6.1.1	Revised Verbiage	VIRTUAL TOUR CONTENT PROHIBITIONS
	SECTION 9.8	Revised Verbiage	USE OF THE TERM "MRED"
	SECTION 30	Added Paragraph	DEFINITION OF "AGENT ONLY INFORMATION"; PROHIBITIONS OF DELIVERING AGENT ONLY INFORMATION
	SECTION 39	New Section Added	USE OF CONTACT INFORMATION POLICY
August 24, 2011	SECTION 1(a)	Verbiage Added	CLARIFICATION REGARDING LEASING AGENTS
	SECTION 32, 32.5	Revised Verbiage	INCLUSION OF PENDING/SOLD DATA IN IDX
	SECTION 32.8, 32.9	New Subsections Added	DEFINE BRP & PERMIT MRED MAY DISPLAY OF IDX LISTINGS IN SIMILAR MANNER
	SECTION 34	Revised Verbiage	CLEANUP
	Previous SECTION 34.1	Deleted	
	SECTION 34.1 (Prev. SECTION 34.2)	Moved up and Revised Verbiage	DISPLAY CRITERIA FOR ACTIVE AND PENDING/SOLD LISTINGS IN IDX
	SECTION 35 (Various subsections)	Revised Verbiage	IDX UPDATES EVERY THREE DAYS MINIMUM; DISPLAY CRITERIA FOR ACTIVE AND PENDING/SOLD LISTINGS IN IDX
	SECTION 35.5	Revised Verbiage	IDX DISCLAIMER VERBIAGE
	SECTION 35.11	Revised Verbiage	NOW PERMIT COMMENTS, REVIEWS AND/OR AVMS ON IDX IN IDENTICAL FASHION TO VOWs.
	SECTION 35.12	Added Subsection	ADDITIONAL RULES FOR PERMITTING COMMENTS, REVIEWS AND/OR AVMS ON IDX
	SECTION 35.13	Added Subsection	FRANCHISORS AND IDX
	SECTION 36.1	Revised Verbiage	USE OF THE TERM "PARTICIPANT"

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	SECTION 36.2	Revised Verbiage	INSERTED "APRIL 1, 2008" AS DATE OF ADOPTION OF THIS SECTION
	SECTION 36.3	Deleted Verbiage	NOTICE OF VIOLATION DELIVERY METHOD DELETED
	SECTION 37.15	Added Verbiage	CROSS REFERENCE TO SECTION 30 – AGENT ONLY INFORMATION
	SECTION 37.16	Added Verbiage	DISPLAY CRITERIA FOR LISTINGS IN VOW
	SECTION 38.2(a)	Deleted Repetitive Verbiage	CLEANUP
	SECTION 38.2(c)	Revised Verbiage	CLEANUP
	APPENDIX C	Added Section	SPECIFY FIELDS FOR SOLD DATA DISPLAY ON IDX
November 22, 2011	SECTION 1(a)	Revised Verbiage	CLEANUP RE: ADJACENT PROPERTY LISTINGS
	SECTION 1(b)	Deleted Verbiage	CLEANUP
	SECTION 2.5	Revised Verbiage	TEMP STATUS
	SECTION 35.11	Revised Verbiage	COMMENTS, REVIEWS AND/OR AVMS ON IDX
	SECTION 37.19	Deleted Section	PASSWORD CHANGE POLICY NO LONGER APPLICABLE
July 31, 2012	SECTION 2.5	Revised Verbiage	TEMP STATUS
August 14, 2012	SECTION 40	Added Section	DATA SHARING COOPERATIVE
July 22, 2013	SECTION 1	Revised Verbiage	TITLE TO REAL PROPERTY/LISTINGS
	SECTION 1(a)	Added Verbiage	INVESTOR PORTFOLIO & MULTI-PROPERTY PACKAGES PROHIBITED
	SECTION 1.6	Revised Verbiage	USE OF SELLER'S LISTING EXEMPTION ADDENDUM (CLARIFICATION ONLY)
	SECTION 5	Revised Verbiage	DEFINITION OF NET SALE PRICE (CLARIFICATION ONLY)
	SECTION 6.1.1	Deleted Verbiage	REMOVED NUMBER OF PHOTOS FROM RULE
	SECTION 6.1.1	Added Verbiage	PHOTO CAPTION AND PHOTO REMARKS RULES
	SECTION 6.1.1	Added Verbiage	NARRATORS/REGISTRATIONS IN VIRTUAL TOURS
	SECTION 9.2	Added Verbiage	REMOVAL OF OFFENSIVE/ HUD NON-COMPLIANT INFORMATION
	SECTION 9.3	Revised Verbiage	CHANGED FTR NEW LISTING FINE AMOUNT TO \$1,000.00
	SECTION 9.10	Added Verbiage	RELATIONSHIP BETWEEN RULES, GLOSSARIES, AND ROOM COUNTING PUBLICATION
	SECTION 9.15	Added Verbiage	PROHIBITING CONDITIONS ON COMPENSATION

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August 26, 2013	SECTION 6.2	Added Entire Section/Subsection	VIRTUAL STAGING/PHOTOGRAPHS RULES ADDED
September 17, 2013	SECTION 1.6	Revised Verbiage	USE OF A SELLER'S LISTING EXEMPTION ADDENDUM
January 29, 2014	SECTION 1.6	Added Verbiage	CROSS-REFERENCE TO LISTING EXEMPTION POLICY FOR DETAILS
	SECTION 2.5	Revised Verbiage	REVISED STATUS OF LISTING LIST TO ACCOMMODATE NEW CONTINUE TO SHOW? INFORMATION
	SECTION 32.3	Added Verbiage	PROPER DISPLAY OF MAPPING PINS
	Appendix C	Revised Verbiage	ALL PHOTOS AVAILABLE ON SOLD IDX
September 2, 2014	SECTION 1(A)	Revised Verbiage	PROPERTY TYPE AND ZONING; INTERNATIONAL LISTINGS AND EXCLUSIVE MARKETING AGREEMENTS
	SECTION 1(B)	Revised Verbiage	FINE AMOUNT FOR INACCURATE LIST PRICE; INTERNATIONAL LISTINGS AND EXCLUSIVE MARKETING AGREEMENTS
	SECTION 6.1.1	Revised Verbiage	FINE AMOUNTS AND GRAPHICS FOR CONFIDENTIAL COMMERCIAL LISTINGS
	SECTION 9.4	Revised Verbiage	FINE AMOUNTS AND STRUCTURE
	SECTION 9.4.1	Revised Verbiage	FINE AMOUNTS AND STRUCTURE
	SECTION 9.5	Revised Verbiage	FINE AMOUNTS
	SECTION 9.6	Revised Verbiage	FINE AMOUNTS
	SECTION 9.8	Revised Verbiage	FINE AMOUNTS
	SECTION 9.9	Revised Verbiage	FINE AMOUNTS AND STRUCTURE
	SECTION 9.10	Revised Verbiage	FINE AMOUNTS; REFERENCE TO INTERNATIONAL GLOSSARY
	SECTION 9.10.1	Revised Verbiage	TITLE OF SECTION AND FINE AMOUNTS
	SECTION 9.12	Revised Verbiage	FINE AMOUNTS
	SECTION 9.13	Revised Verbiage	FINE AMOUNTS AND STRUCTURE
	SECTION 9.14	Revised Verbiage	FINE AMOUNTS AND STRUCTURE
	SECTION 9.15	Revised Verbiage	FINE AMOUNTS AND STRUCTURE
	SECTION 9.16	Revised Verbiage	FINE AMOUNTS AND STRUCTURE
	SECTION 9.17	New Section Added	PATTERNS OF DATA MISREPRESENTATION
	SECTION 30	Revised Verbiage	FINE AMOUNT
January 7, 2015	SECTION 32.5	Revised Verbiage	DISPLAY OF IDX ACTIVE AND CLOSED DATA
	35.1.2	New Section Added	CO-MINGLING OF IDX DATA
	35.11	New Verbiage Added to Section	AVMS ON IDX
July 13, 2015	SECTION 1(C)	New Verbiage Added to Section	AUCTION RULES, CLEANUP

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	SECTION 2.5	Added Verbiage	NEW CONTINGENCY FLAG (CTGA) CONTINGENT ON AUCTION
	SECTION 6.1.1	Added Verbiage	AUCTION PLACEHOLDER REQUIRED FOR AUCTION PROPERTIES AS PRIMARY PHOTO
September 23, 2015	SECTION 26.1	Replaced entire section	NEW DMCA PROGRAM FOR OUR ENTIRE CUSTOMER BASE
March 2, 2016	SECTION 1	Added Verbiage to Section	PRIVATE LISTING NETWORK CHANGES
	SECTION 1(D)	New Section Added	PRIVATE LISTING NETWORK CHANGES
	SECTION 1.5	Added Verbiage to Section	PRIVATE LISTING NETWORK CHANGES
	SECTION 2.5	Added Verbiage to Section	PRIVATE LISTING NETWORK CHANGES
	SECTION 6.1.1	Added Verbiage to Section	PRIVATE LISTING NETWORK CHANGES
	SECTION 35	Revised Verbiage	DISPLAY OF IDX ACTIVE AND CLOSED DATA
	SECTION 26	Revised Verbiage	COPYRIGHT CHANGES