

WEST MICHIGAN LAKESHORE ASSOCIATION OF REALTORS®

MLS RULES & REGULATIONS

Listing Procedures

Section 1 - Listing Procedures: Listings of real or personal property of the following types, which are listed subject to a real estate broker's license, located within the territorial jurisdiction of the Association of Realtors® taken by Participants on forms accepted by the Service will be delivered to the Multiple Listing Service within 72 hours (excluding weekends, holidays & postal holidays) after all necessary signatures of seller(s) have been obtained:
(Amended 11/91)

- (a) single family homes for sale or exchange
- (b) vacant lots and acreage for sale or exchange (including commercial, industrial, farm, etc.)
- (c) multi-family residential buildings for sale or exchange
- (d) business opportunity
- (e) motel-hotel
- (f) mobile homes on land
- (g) mobile home parks
- (h) commercial/income
- (i) industrial

Note 1: The Multiple Listing Service will not require a Participant to submit listings on a form other than the form the Participant individually chooses to utilize provided the listing is of a type accepted by the Service, although a property data form may be required as approved by the Multiple Listing Service. However, the Multiple Listing Service, through its legal counsel:

1. may reserve the right to refuse to accept a listing form which fails to adequately protect the interests of the public and the Participants
2. assure that no listing form filed with the Multiple Listing Service establishes, directly or indirectly, any contractual relationship between the Multiple Listing Service and the client (buyer or seller).

The Multiple Listing Service will accept exclusive right to sell listing contracts and exclusive agency listing contracts, and may accept other forms of agreement which make it possible for the listing broker to offer compensation to the other Participants of the Multiple Listing Service acting as subagents, buyer agents, or both. (Amended 11/96)

The listing agreement must include the seller's written authorization to submit the agreement to the Multiple Listing Service. (Amended 11/96)

The different types of listing agreements include:

- (a) exclusive right to sell
- (b) exclusive agency

The exclusive right to sell listing is the conventional form of listing submitted to the Multiple Listing Service in that the seller authorizes the listing broker to cooperate with and to compensate other brokers. (Amended 4/92)

The exclusive agency listing also authorizes the listing broker, as exclusive agent, to offer cooperation and compensation on blanket unilateral bases, but also reserves to the seller the general right to sell the property on an unlimited or restrictive basis. Exclusive agency listings and exclusive right to sell listings with named prospects exempted should be clearly distinguished

by a simple designation such as a code or symbol from exclusive right to sell listings with no named prospects exempted, since they can present special risks of procuring cause controversies and administrative problems not posed by exclusive right to sell listings with no named prospects exempted. Care should be exercised to ensure that different codes or symbols are used to denote exclusive agency and exclusive right to sell listings with prospect reservations. (Amended 4/92)

Note 2: A Multiple Listing Service does not regulate the type of listings its Members may take. This does not mean that a Multiple Listing Service must accept every type of listing. The Multiple Listing Service will decline to accept open listings (except where acceptance is required by law) and net listings, and it may limit its service to listings of certain kinds of property. But, if it chooses to limit the kind of listings it will accept, it will leave its Members free to accept such listings to be handled outside the Multiple Listing Service.

Note 3: A Multiple Listing Service may, as a matter of local option, accept exclusively listed property that is subject to auction. If such listings do not show a listed price, they may be included in a separate section of the MLS compilation of current listings. (Adopted 11/92)

Types of Properties: Following are some of the types of properties that may be published through the Service, including types described in the preceding paragraph that are required to be filed with the Service and other types that may be filed with the Service at the Participant's option provided, however, that any listing submitted is entered into within the scope of the Participant's licensure as a real estate broker: (Amended 11/91)

1. residential
2. residential income
3. subdivided vacant lot
4. land and ranch
5. business opportunity
6. motel-hotel
7. mobile homes on land
8. mobile home parks
9. commercial income
10. industrial

Section 1.1 - Listings Subject to Rules and Regulations of the Service: Any listing taken on a contract to be filed with the Multiple Listing Service is subject to the rules and regulations of the Service upon signature of the seller(s).

Section 1.2 - Detail on Listings Filed with the Service: A listing agreement and property data form, when delivered to the Multiple Listing Service by the listing broker, will be complete in every detail which is ascertainable as specified on the property data form.

Section 1.3 - Exempted Listings: If the seller refuses to permit the listing to be disseminated by the Service, the Participant may then take the listing ("office exclusive") and such listing will be filed with the Service within seventy-two (72) hours (excluding weekends, holidays & postal holidays) but not disseminated to the Participants. Filing of the listing will be accompanied by certification signed by the seller that he does not desire the listing to be disseminated by the Service.

Section 1.4 - Change of Status of Listing: Any change in listed price or other change in the original listing agreement (including the completion of sale) will be made only when authorized in writing by the seller and will be filed with the Service within seventy-two (72) hours (excepting weekends, holidays & postal holidays) after the authorized change is received by the listing broker.

Section 1.5 - Withdrawal of Listing Prior to Expiration: Listings of property may be withdrawn from the Multiple Listing Service by the listing broker before the expiration date of the listing agreement, provided notice is filed with the Service.

Sellers do not have the unilateral right to require an MLS to withdraw a listing without the listing broker's concurrence. However, when a seller(s) can document that his exclusive relationship with the listing broker has been terminated, the Multiple Listing Service may remove the listing at the request of the seller. (Adopted 11/96)

Section 1.6 - Contingencies Applicable to Listings: Any contingency or conditions of any term in a listing will be specified and noticed to the Participants.

Section 1.7 - Listing Price Specified: The full gross listing price stated in the listing contract will be included in the information published in the MLS compilation of current listings, unless the property is subject to auction. (Amended 11/92)

Section 1.8 - Listing Multiple Unit Properties: All properties which are to be sold or which may be sold separately must be indicated individually in the listing and separate property data forms will be submitted for each property. When part of a listed property has been sold, proper notification will be given to the Multiple Listing Service

Section 1.9 - No Control of Commission Rates or Fees Charged by Participants: The Multiple Listing Service will not fix, control, recommend, suggest, or maintain commission rates or fees for services to be rendered by Participants. Further, the Multiple Listing Service will not fix, control, recommend, suggest, or maintain the division of commissions or fees between cooperating Participants or between Participants and non-participants.

Section 1.10 - Expiration, Extension, and Renewal of Listings: Any listing filed with the Multiple Listing Service automatically expires on the dates specified in the agreement, unless renewed by the listing broker and notice of renewal or extension is filed with the Service prior to expiration.

If notice of renewal or extension is dated after the expiration date of the original listing, then a new listing must be secured for the listing to be filed with the Service. It should then be published as a new listing. Any extension or renewal of a listing must be signed by the seller(s) and be filed with the Service.

Section 1.11 - Termination Date on Listings: Listings filed with the Service will bear a definite and final termination date, as negotiated between the listing broker and the seller.

Section 1.12 - Jurisdiction: Only listings of the designated types of property located within the jurisdiction of the Association of Realtors® are required to be submitted to the Service. Listings of property located outside the Association's jurisdiction will be accepted if submitted voluntarily by a Participant, but cannot be required by the Service. Note: Associations must choose whether the Service will accept listings from beyond its jurisdiction into the MLS compilation. (Amended 11/88)

Section 1.13 - Listings of Suspended Participants: When a Participant of the Service is suspended from the MLS for failing to abide by a membership duty (i.e., violation of the Code of Ethics, Association bylaws, MLS bylaws, MLS rules and regulations, or other membership obligation except failure to pay appropriate dues, fees, or charges), all listings currently filed with the MLS by the suspended Participant will, at the Participant's option, be retained in the Service until sold, withdrawn or expired, and will not be renewed or extended by the MLS beyond the termination date of the listing agreement in effect when the suspension became effective. If a Participant has been suspended from the Association (except where MLS participation without Association membership is permitted by law) or MLS (or both) for failure to pay

appropriate dues, fees, or charges, a Association MLS is not obligated to provide MLS services, including continued inclusion of the suspended Participant's listings in the MLS compilation of current listing information. Prior to any removal of a suspended Participant's listings from the MLS, the suspended Participant should be advised, in writing, of the intended removal so that the suspended Participant may advise his clients.

Section 1.14 - Listings of Expelled Participants: When a Participant of the Service is expelled from the MLS for failing to abide by a membership duty (i.e., violation of the Code of Ethics, Association bylaws, MLS bylaws, MLS rules and regulations, or other membership obligations except failure to pay appropriate dues, fees, or charges), all listings currently filed with the MLS will, at the expelled Participant's option, be retained in the Service until sold, withdrawn, or expired, and will not be renewed or extended by the MLS beyond the termination date of the listing agreement in effect when the expulsion became effective. If a Participant has been expelled from the Association (except where MLS participation without Association membership is permitted by law) or MLS (or both) for failure to pay appropriate dues, fees, or charges, a Association MLS is not obligated to provide MLS services, including continued inclusion of the expelled Participant's listings in the MLS compilation of current listing information. Prior to any removal of an expelled Participant's listings from the MLS, the expelled Participant should be advised, in writing, of the intended removal so that the expelled Participant may advise his clients.

Section 1.15 - Listings of Resigned Participants: When a Participant resigns from the MLS, the MLS is not obligated to provide services, including continued inclusion of the resigned Participant's listings in the MLS compilation of current listing information. Prior to any removal of a resigned Participant's listings from the MLS, the resigned Participant should be advised, in writing, of the intended removal so that the resigned Participant may advise his clients.

Selling Procedures

Section 2 - Showings and Negotiations: Appointments for showings and negotiations with the seller for the purchase of listed property filed with the Multiple Listing Service will be conducted through the listing broker, except under the following circumstances:

- (a) the listing broker gives the cooperating broker specific authority to show and/or negotiate directly, or
- (b) after reasonable effort, the cooperating broker cannot contact the listing broker or his representative; however, the listing broker, at his option, may preclude such direct negotiations by cooperating brokers. (Amended 4/92)

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. (Amended 4/92)

Section 2.2 - Submission of Written Offers: The listing broker will submit to the seller all written 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 will recommend that the seller obtain the advice of legal counsel prior to acceptance of the subsequent offer. (Approved 11/87)

Section 2.3 - Right of Cooperating Broker in Presentation of Offer: The cooperating broker (subagent or buyer agent) or his representative has the right to participate in the presentation to the seller or lessor of any offer he secures to purchase or lease. He does not have the right to be present at any discussion or evaluation of that offer by the seller 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 the cooperating broker secured is presented, the cooperating broker has the right to a copy of the seller's written instructions. None of the foregoing diminishes the listing broker's right to control the establishment of appointments for such presentations. (Amended 4/92)

Section 2.4 - Right of Listing Broker in Presentation of Counter-Offer: The listing broker or his representative has the right to participate in the presentation of any counter-offer made by the seller or lessor. He does not have the right to be present at any discussion or evaluation of a counter-offer by the purchaser or lessee (except when the cooperating broker is a subagent). 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, the listing broker has the right to a copy of the purchaser's or lessee's written instructions. (Adopted 11/93)

Section 2.5 - Reporting Sales to the Service: Sales will be reported immediately to the Multiple Listing Service by the listing broker unless the negotiations were carried on under Section 2(a) or (b) hereof, in which case the cooperating broker will report, sending a copy to the listing broker within twenty-four (24) hours after acceptance. (Amended 4/92)

Note: The listing agreement of a property filed with the MLS by the listing broker should include a provision expressly granting the listing broker authority to file the listing with the MLS; to provide timely notice of status changes of the listing to the MLS; and to provide sales information including selling price to the MLS upon sale of the property. If deemed desirable by the MLS to publish sales information prior to final closing (settlement) of a sales transaction, the listing agreement should also include a provision expressly granting the listing broker the right to authorize dissemination of this information by the MLS to its Participants.

Section 2.6 - Reporting Resolutions of Contingencies: The listing broker will report to the Multiple Listing Service within twenty-four (24) hours that a contingency on file with the Multiple Listing Service has been fulfilled or renewed, or the agreement cancelled.

Section 2.7 - Advertising of Listing Filed with the Service: A listing will not be advertised by any Participant other than the listing broker without the prior consent of the listing broker.

Section 2.8 - Reporting Cancellation of Pending Sale: The listing broker will report immediately to the Multiple Listing Service the cancellation of any pending sale, and the listing will be reinstated immediately.

Section 2.9 - Reporting of Sold and Closed: The listing broker will report to the Multiple Listing Service within seventy-two (72) hours (excluding weekends, holidays & postal holidays) that the listing has been sold and closed.

Refusal to Sell

Section 3 - Refusal to Sell: If the seller of any listed property filed with the Multiple Listing Service refuses to accept a written offer satisfying the terms and conditions stated in the listing, such fact will be transmitted immediately to the Service and to all Participants.

Prohibitions

Section 4 - Information for Participants Only: Any listing filed with the Service will not be made available to any broker or firm not a Member of the MLS without the prior consent of the listing broker.

Section 4.1 - "For Sale" Signs: Only the "For Sale" sign of the listing broker may be placed on a property. (Amended 11/89)

Section 4.2 - "Sold" Signs: Prior to closing, only the "Sold" sign of the listing broker may be placed on a property, unless the listing broker authorizes the cooperating (selling) broker to post such a sign. (Amended 4/96)

Section 4.3 - Solicitation of Listing Filed with the Service: Participants will not solicit a listing on property filed with the Service unless such solicitation is consistent with Article 16 of the Realtors'® Code of Ethics, its Standards of Practice, and its Case Interpretations.

Note: This Section 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 sellers to permit their properties to be filed with 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 who have been made aware through MLS filing of the date the listing will expire and desire to substitute themselves for the present broker.

This Section is also intended to encourage brokers to participate in the Service by assuring them that other Participants will not attempt to persuade the seller to breach the listing agreement or to interfere with their attempts to 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.

This Section 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.

Division of Commissions

Section 5 - Compensation Specified on Each Listing: The listing broker will specify, on each listing filed with the Multiple Listing Service, the compensation offered to other Multiple Listing Service Participants 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 for in this rule. The listing broker's obligation to compensate any cooperating broker as the procuring cause of the sale (or lease) may be excused if it is determined through 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 listing agreement. In such instances, entitlement to cooperative compensation offered through MLS would be a question to be determined by an arbitration hearing panel based on all relevant facts and circumstances including, but not limited to, why it was impossible or financially unfeasible for the listing broker to collect some or all of the commission established in the listing 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 listing agreement might not be paid; and how promptly had the listing broker communicated to cooperating brokers that the commission established in the listing agreement might not be paid. (Amended 11/98)

Note 1: In filing a property with the Multiple Listing Service of a Association of Realtors®, the Participant of the Service is making blanket unilateral offers of compensation to the other MLS Participants, and will therefore specify on each listing filed with the Service, the compensation being offered to the other MLS Participants. Specifying the compensation on each listing is necessary, because the cooperating broker has the right to know what his compensation will be prior to his endeavor to sell.*(Amended 11/96)

The listing broker retains the right to determine the amount of compensation offered to other Participants (acting as subagents, buyer agents, or in other agency or nonagency capacities defined by law) which may be the same or different. (Amended 11/96)

This will not preclude the listing broker from offering any MLS Participant compensation other than the compensation indicated on any listing published by the MLS, provided the listing broker informs the other broker, in writing, 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 in the Service. Any superseding offer of compensation must be expressed as either a percentage of the gross sales price or as a flat dollar amount. (Amended 11/95)

The Association Multiple Listing Service will not have a rule requiring the listing broker to disclose the amount of total negotiated commission in his listing contract, and the Association Multiple Listing Service will not publish the total negotiated commission on a listing which has been submitted to the MLS by a Participant. The Association Multiple Listing Service will not disclose in any way the total commission negotiated between the seller and the listing broker.

*The compensation specified on listings filed with the Multiple Listing Service will appear in one of two forms. The essential and appropriate requirement by a Association Multiple Listing Service is that the information to be published will clearly inform the 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 MLS will be shown in one of the following forms:

1. by showing a percentage of the gross selling price
2. by showing a definite dollar amount (Amended 11/95)

Note 2: The listing broker may, from time to time, adjust the compensation offered to other Multiple Listing Service Participants for their services with respect to any listing by advance published notice to the Service so that all Participants will be advised. (Amended 4/92)

Note 3: The Multiple Listing Service will make no rule on the division of commissions between Participants and non-participants. This should remain solely the responsibility of the listing broker.

Note 4: The listing broker may, from time to time, communicate to potential cooperating brokers that gross commissions established in listing contracts are subject to court approval or to lender approval; and that compensation payable to cooperating brokers may be reduced if the gross commission established in the listing contract is reduced by a court or by a lender. In such instances, the fact that the gross commission is subject to court or to lender approval and either the potential reduction in compensation payable to cooperating brokers or the method by which the potential reduction in compensation will be calculated must be clearly communicated to potential cooperating brokers prior to the time they produce an offer that ultimately results in a successful transaction. (Adopted 11/98)

Section 5.1 - Participant as Principal: If a Participant or any licensee (or licensed or certified appraiser) affiliated with a Participant has any ownership interest in a property, the listing of which is to be disseminated through the Multiple Listing Service, that person will disclose that interest when the listing is filed with the Multiple Listing Service and such information will be disseminated to all Multiple Listing Service Participants.

Section 5.2 - Participant as Purchaser: If a Participant or any licensee (including licensed and certified appraisers) affiliated with a Participant wishes to acquire an interest in property listed with another Participant, such contemplated interest will be disclosed, in writing, to the listing broker not

later than the time an offer to purchase is submitted to the listing broker.
(Adopted 2/92)

Section 5.3 - Dual or Variable Rate Commission Arrangements: The existence of a dual or variable rate commission arrangement (i.e., one in which the seller/landlord agrees to pay a specified commission if the property is sold/leased by the listing broker without assistance and a different commission if the sale/lease 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/leased by the listing broker either with or without the assistance of a cooperating broker and a different commission if the sale/lease results through the efforts of a seller/landlord) will be disclosed by the listing broker by a key, code, or symbol as required by the MLS. The listing broker will, 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.

Service Charges

Section 6 - Service Fees and Charges: The following service charges for operation of the Multiple Listing Service are in effect to defray the costs of the Service and are subject to change from time to time in the manner prescribed.

- (a) Initial Participation Fee: An applicant for participation in the Service will pay an application fee with such fee to accompany the application.

Note: The initial participation fee will approximate the cost of bringing the Service to the Participant.

- (b) Recurring Participation Fee: The monthly participation fee of each Participant will be an amount determined from time to time by the Association of Directors of the MLS times each salesperson and licensed or certified appraiser who has access to and use of the Service, whether licensed as a broker, sales licensee, or licensed or certified appraiser who is employed by or affiliated as an independent contractor with such Participant. Payment of such fees will be made by the 25th of the month.

Compliance with Rules

Section 7 - Compliance with Rules: The following action may be taken for noncompliance with the rules:

- (a) for failure to pay any service charge or fee by the 25th of the month billed, and provided that at least 5 days notice has been given, the MLS will be suspended until service charges or fees are paid in full.
- (b) for failure to comply with any other rule, the provisions of Sections 9 and 9.1 will apply.

Note: Generally, warning, censure, and the imposition of a moderate fine are sufficient to constitute a deterrent to violation of the rules and regulations of the Multiple Listing Service. Suspension or termination is an extreme sanction to be used in cases of extreme or repeated violation of the rules and regulations of the Service. If the MLS desires to establish a series of moderate fines, they should be clearly specified in the rules and regulations.
(Amended 11/88)

Section 7.1 - Applicability of Rules to Users and/or Subscribers: Non-principal brokers, sales licensees, appraisers, and others authorized to have access to information published by the MLS are subject to these rules and regulations and may be disciplined for violations thereof provided that the user or subscriber has signed an agreement acknowledging that access to and use of MLS information is contingent on compliance with the rules and regulations. Further, failure of any user or subscriber to abide by the rules and/or any sanction imposed for violations thereof can subject the Participant to the same or other discipline. This provision does not eliminate the Participant's ultimate responsibility and accountability for all users or subscribers affiliated with the Participant. (Adopted 4/92)

Note: Adoption of Section 7.1 is optional and should be adopted by Multiple Listing Services desiring to establish authority to impose discipline on non-principal users or subscribers affiliated with MLS Members or Participants. (Adopted 4/92)

Meetings

Section 8 - Meetings: The meetings of the Participants in the Service or the Board of Directors of the Multiple Listing Service for the transaction of business of the Service will be held in accordance with the provisions of Article 7, bylaws of the Service.

Enforcement of Rules or Disputes

Section 9 - Consideration of Alleged Violations: The Board of Directors will give consideration to all written complaints having to do with violations of the rules and regulations. (Amended 2/98)

Section 9.1 - Violations of Rules and Regulations: If the alleged offense is a violation of the rules and regulations of the Service and does not involve a charge of alleged unethical conduct or request for arbitration, it may be administratively considered and determined by the Board of Directors of the Service, and if a violation is determined, the Board of Directors may direct the imposition of sanction, provided the recipient of such sanction may request a hearing before the Professional Standards Committee of the Association in accordance with the bylaws and rules and regulations of the Association of Realtors® within twenty (20) days following receipt of the Directors' decision. (Amended 11/96)

If, rather than conducting an administrative review, the MLS has a procedure established to conduct hearings, any appeal of the decision of the hearing tribunal may be appealed to the Board of Directors of the MLS within twenty (20) days of the tribunal's decision. Alleged violations involving unethical conduct will be referred to the Professional Standards Committee of the Association of Realtors® for processing in accordance with the professional standards procedures of the Association. If the charge alleges a refusal to arbitrate, such charge will be referred directly to the Board of Directors of the Association of Realtors®. (Amended 2/98)

Section 9.2 - Complaints of Unethical Conduct: All other complaints of unethical conduct will be referred by the Board of Directors of the Service to the Association of Realtors® for appropriate action in accordance with the professional standards procedures established in the Association's bylaws. (Amended 11/88)

Confidentiality of MLS Information

Section 10 - Confidentiality of MLS Information: Any information provided by the Multiple Listing Service to the Participants will be considered official information of the Service. Such information will be considered confidential and exclusively for the use of Participants 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. (Amended 4/92)

Section 10.1 - MLS Not Responsible for Accuracy of Information: The information published and disseminated by the Service is communicated verbatim, without change by the Service, as filed with the Service by the Participant. The Service does not verify such 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 10.2 - Access to Comparable and Statistical Information: Association members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development, or building, but who do not participate in the MLS, are nonetheless entitled to receive by purchase or lease all information other than current listing information that is generated wholly or in part by the MLS, including "comparable" information, "sold" information, and statistical reports. This information is provided for the exclusive use of Association members and individuals affiliated with Association members who are also engaged in the real estate business and may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office, or firm, except as otherwise provided in these rules and regulations.

Ownership of MLS Compilation* and Copyright

Section 11 - By the act of submitting any property listing data to the Association MLS the Participant represents that he has been authorized to grant and also thereby does grant authority for the Association to include the property listing data in its copyrighted MLS compilation and also in any statistical report on comparables.

Section 11.1 - All right, title, and interest in each copy of every Multiple Listing compilation created and copyrighted by the West Michigan Lakeshore Association of Realtors® and in the copyrights therein, will at all times remain vested in the West Michigan Lakeshore Association of Realtors®.

Section 11.2 - Each Participant may be entitled to lease from the West Michigan Lakeshore Association of Realtors® a number of copies of each MLS compilation sufficient to provide the Participant and each person affiliated as a licensee (including licensed or certified appraisers) with such Participant with one copy of such compilation. The Participant will pay for each such copy the rental fee set by the Association.**

Participants will acquire by such lease only the right to use the MLS compilation in accordance with these rules.

* The term "MLS compilation," as used in Sections 11 and 12 herein, will be construed to include any format in which property listing data is collected and disseminated to the Participants, including but not limited to bound book, loose-leaf binder, computer database, card file, or any other format whatever.

** This section should not be construed to require the Participant to lease a copy of the MLS compilation for any licensee (or licensed or certified appraiser) affiliated with the Participant who is engaged exclusively in a specialty of the real estate business other than listing, selling, or appraising the types of properties which are required to be filed with the MLS

and who does not, at any time, have access to or use of the MLS information or MLS facility of the Association.

Use of Copyrighted MLS Compilation

Section 12 - Distribution: Participants will, at all times, maintain control over and responsibility for each copy of any MLS compilation leased to them by the Association of Realtors®, and will not distribute any such copies to persons other than subscribers who are affiliated with such Participant as licensees, those individuals who are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, and any other subscribers as authorized pursuant to the governing documents of the MLS. Use of information developed by or published by an Association Multiple Listing Service is strictly limited to the activities authorized under a Participant's 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 or published by an Association Multiple Listing Service where access to such information is prohibited by law. (Amended 4/92)

Section 12.1 - Display: Participants and those persons affiliated as licensees with such Participants will be permitted to display the MLS compilation to prospective customers and clients only in conjunction with their ordinary business activities for the properties described in said MLS compilation.

Section 12.2 - Reproduction: Participants or their affiliated licensees will not reproduce any MLS compilation or any portion thereof, except in the following limited circumstances.

Participants or their affiliated licensees may reproduce from the MLS compilation and distribute to prospective purchasers a reasonable* number of single copies of property listing data contained in the MLS 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 will be construed to preclude any Participant 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 MLS information, whether provided in written or printed form, provided electronically, or provided in any other form or format, is provided for the exclusive use of the Participant and those licensees affiliated with the Participant who are authorized to have access to such information. Such information may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office, or firm.

None of the foregoing will 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 an Association or Association-owned Multiple Listing Service has deemed to be nonconfidential 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 will be considered in deciding whether the reproductions made are consistent with this intent and

thus reasonable in number, will include, but are not limited to, the total number of listings in the MLS compilation, 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.

Use of MLS Information

Section 13 - Limitations on Use of MLS Information: Use of information from MLS compilations of current listing information, from statistical reports, and from any sold or comparable report of the Association or MLS may be used by MLS Participants as the basis for aggregated demonstrations of market share or comparisons of firms in public mass-media advertising or in other public representations. This authority does not convey the right to include in any such advertising or representation information about specific properties which are listed with other Participants, or which were sold by other Participants (as either listing or cooperating broker).

However, any print or non-print forms of advertising or other forms of public representations based in whole or in part on information supplied by the Association or its MLS must clearly demonstrate the period of time over which such claims are based and must include the following, or substantially similar, notice:

"This representation is based in whole or in part on data supplied by the West Michigan Lakeshore Association of Realtors® or its MLS. Neither the West Michigan Lakeshore Association nor its MLS guarantees or is in any way responsible for its accuracy. Data maintained by the West Michigan Lakeshore Association of Realtors® or its MLS may not reflect all real estate activity in the market."

Changes in Rules and Regulations

Section 14 - Changes in Rules and Regulations: Amendments to the rules and regulations of the Service will be by consideration and approval of the Board of Directors of the Multiple Listing Service, subject to final approval by the Board of Directors of the West Michigan Lakeshore Association of Realtors® (shareholder).

Arbitration of Disputes

Section 15 - Arbitration of Disputes: By becoming and remaining a Participant, each Participant agrees to arbitrate disputes involving contractual issues and questions, and specific non-contractual issues and questions defined in Standard of Practice 17-4 of the Code of Ethics with MLS Participants in different firms arising out of their relationships as MLS Participants, subject to the following qualifications. (Amended 11/97)

- (a) If all disputants are members of the same Association of Realtors® or have their principal place of business within the same Association's territorial jurisdiction, they will arbitrate pursuant to the procedures of that Association of Realtors®.
- (c) If the disputants are members of different Associations of Realtors® or if their principal place of business is located within the territorial jurisdiction of different Associations of Realtors®, they remain obligated to arbitrate in accordance with the procedures of the Michigan Association of Realtors®.

Interboard Arbitration Procedures: Arbitration will be conducted in accordance with any existing interboard agreement or, alternatively, in accordance with

the Interboard Arbitration Procedures in the Code of Ethics and Arbitration Manual of the National Association of Realtors®. Nothing herein will preclude Participants from agreeing to arbitrate the dispute before a particular Association of Realtors®. (Amended 11/98)

Standards of Conduct for MLS Participants:

Section 16.1 - MLS Participants will not engage in any practice or take any action inconsistent with the agency or other exclusive relationship recognized by law that other MLS Participants have with clients. (Amended 1/98)

Section 16.2 - Signs giving notice of property for sale, rent, lease, or exchange will not be placed on property without consent of the seller/landlord.

Section 16.3 - MLS Participants acting as subagents or as buyer/tenant agents or brokers will not attempt to extend a listing broker's offer of cooperation and/or compensation to other brokers without the consent of the listing broker. (Amended 1/98)

Section 16.4 - MLS Participants will not solicit a listing currently listed exclusively with another broker. However, if the listing broker, when asked by the MLS Participant, refuses to disclose the expiration date and nature of such listing (i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the listing broker and the client) the MLS Participant may contact the owner to secure such information and may discuss the terms upon which the MLS Participant might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing.

Section 16.5 - MLS Participants will not solicit buyer/tenant agreements from buyers/tenants who are subject to exclusive buyer/tenant agreements. However, if asked by an MLS Participant, the broker refuses to disclose the expiration date of the exclusive buyer/tenant agreement, the MLS Participant may contact the buyer/tenant to secure such information and may discuss the terms upon which the MLS Participant might enter into a future buyer/tenant agreement or, alternatively, may enter into a buyer/tenant agreement to become effective upon the expiration of any existing exclusive buyer/tenant agreement. (Amended 1/98)

Section 16.6 - MLS Participants will not use information obtained by them from the listing broker, through offers to cooperate received through Multiple Listing Services or other sources authorized by the listing broker, for the purpose of creating a referral prospect to a third broker, or for creating a buyer/tenant prospect unless such use is authorized by the listing broker.

Section 16.7 - The fact that an agreement has been entered into with an MLS Participant will not preclude or inhibit any other MLS Participant from entering into a similar agreement after the expiration of the prior agreement. (Amended 1/98)

Section 16.8 - The fact that a client has retained an MLS Participant as an agent or in another exclusive relationship in one or more past transactions does not preclude other MLS Participants from seeking such former client's future business. (Amended 1/98)

Section 16.9 - MLS Participants are free to enter into contractual relationships or to negotiate with sellers/landlords, buyers/tenants or others who are not subject to an exclusive agreement but will not knowingly obligate them to pay more than one commission except with their informed consent. (Amended 1/98)

Section 16.10 - When MLS Participants are contacted by the client of another MLS Participant regarding the creation of an exclusive relationship to provide the same type of service, and MLS Participants have not directly or indirectly initiated such discussions, they may discuss the terms upon which they might

enter into a future agreement or, alternatively, may enter into an agreement which becomes effective upon expiration of any existing exclusive agreement. (Amended 1/98)

Section 16.11 - In cooperative transactions, MLS Participants will compensate cooperating MLS Participants (principal brokers) and will not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other MLS Participants without the prior express knowledge and consent of the cooperating broker.

Section 16.12 - MLS Participants are not precluded from making general announcements to prospective clients describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another MLS Participant. A general telephone canvass, general mailing, or distribution addressed to all prospective clients in a given geographical area or in a given profession, business, club, or organization, or other classification or group is deemed "general" for purposes of this rule. (Amended 1/98)

The following types of solicitations are prohibited:

Telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another MLS Participant; and mail or other forms of written solicitations of prospective clients whose properties are exclusively listed with another MLS Participant when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, "for sale" or "for rent" signs, or other sources of information intended to foster cooperation with MLS Participants.

Section 16.13 - MLS Participants, prior to entering into an agency agreement or other exclusive relationship, have an affirmative obligation to make reasonable efforts to determine whether the client is subject to a current, valid exclusive agreement to provide the same type of real estate service. (Amended 1/98)

Section 16.14 - MLS Participants, acting as agents of, or in another relationship with, buyers or tenants, will disclose that relationship to the seller/landlord's agent or broker at first contact and will provide written confirmation of that disclosure to the seller/landlord's agent or broker not later than execution of a purchase agreement or lease. (Amended 1/98)

Section 16.15 - On unlisted property, MLS Participants acting as buyer/tenant agents or brokers will disclose that relationship to the seller/landlord at first contact for that client and will provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. (Amended 1/98)

MLS Participants will make any request for anticipated compensation from the seller/landlord at first contact.

Section 16.16 - MLS Participants, acting as agents or brokers of sellers/landlords or as subagents of listing brokers, will disclose that relationship to buyers/tenants as soon as practicable, and will provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement. (Amended 1/98)

Section 16.17 - MLS Participants are not precluded from contacting the client of another broker for the purpose of offering to provide, or entering into a contract to provide, a different type of real estate service unrelated to the type of service currently being provided (e.g., property management as opposed to brokerage). However, information received through a Multiple Listing Service or any other offer of cooperation may not be used to target clients of other MLS Participants to whom such offers to provide services may be made.

Section 16.18 - MLS Participants, acting as subagents or buyer/tenant agents or brokers, will not use the terms of an offer to purchase/lease to attempt to

modify the listing broker's offer of compensation to subagents or buyer's agents, or brokers, or make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation. (Amended 1/98)

Section 16.19 - All dealings concerning property exclusively listed or with buyer/tenants who are subject to an exclusive agreement will be carried on with the client's agent or broker and not with the client, except with the consent of the client's agent or broker or except where such dealings are initiated by the client. (Amended 1/98)

Section 16.20 - Participants, users, and subscribers, prior to or after terminating their relationship with their current firm, will not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude Participants from establishing agreements with their associated licensees governing assignability of exclusive agreements. (Adopted 1/98)

Section 16.21 - These rules are not intended to prohibit ethical, albeit aggressive or innovative business practices, and do not prohibit disagreements with other MLS Participants involving commission, fees, compensation, or other forms of payment or expenses.

Section 16.22 - MLS Participants will not knowingly or recklessly make false or misleading statements about competitors, their businesses, or their business practices.