

Proposed Association Bylaw language to eliminate the operation of the Space Coast MLS as Committee of the Space Coast Association of REALTORS®, Inc. and authorizing the establishment of the Space Coast MLS as a “wholly-Owned Subsidiary Corporation of the Space Coast Association of REALTORS®, Inc.

The current Association Bylaws read as follows in this column and is proposed to be deleted eliminating the operation of the MLS as a committee of the Association.

The language in this column is proposed as new language to the Association Bylaws. This is proposal will authorize the operation of the MLS as a “Wholly-Owned Subsidiary Corporation of the Association.

ARTICLE XIX - MULTIPLE LISTING SERVICE

Section 1. Authority. The Space Coast Association of REALTORS® shall maintain for the use of its members a Multiple Listing Service which shall be subject to the Bylaws of the Space Coast Association of REALTORS® and such Rules and Regulations as may be adopted.

Section 2. Purpose. A Multiple Listing Service is a means by which the Participant makes blanket unilateral offers of compensation to other Participants; (acting as either buyer agents, or in other agency or non-agency capacities defined by law); which cooperation among participants is enhanced; by which information is accumulated and disseminated to enable authorized Participants to prepare appraisals, analyses, and other valuations of real property for bona fide clients and customers; by which Participants engaging in real estate appraisal contribute to common databases; and is a facility for the orderly correlation and dissemination of listing information so participants may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker’s performance as a procuring cause of the sale (or lease).

Section 3. Participation. Any REALTOR® Member of this or any other Member Association/Board who is a principal, partner, or corporate officer, or branch manager acting on behalf of the principal, without further qualification, shall be eligible to participate in Multiple Listing 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 Multiple Listing 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 the Florida Real Estate Appraisal Board to engage in the appraisal of real property. Use of information

ARTICLE XIX - SUBSIDIARY MULTIPLE LISTING CORPORATION

Section 1 Authority. The Space Coast Association of REALTORS®, Inc. shall maintain for the use of its members a multiple listing service which shall be a lawful corporation of the State of Florida all the stock of which shall be owned by the Space Coast Association of REALTORS, Inc.

Section 2 Purpose. A multiple listing service is a means by which authorized participants make blanket unilateral offers of compensation to other participants (acting as subagents, buyer agents, or in other agency or nonagency capacities defined by law); by which cooperation among participants is enhanced; by which information is accumulated and disseminated to enable authorized participants to prepare appraisals, analyses, and other valuations of real property for bona fide clients and customers; by which participants engaging in real estate appraisal contribute to common databases; and is a facility for the orderly correlation and dissemination of listing information so participants may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker’s performance as procuring cause of sale(or lease).

Section 3 Governing Documents. The Board of Directors shall cause any multiple listing service established by it pursuant to this article to conform its corporate charter, constitution, bylaws, rules, regulations, policies, practices, and procedures at all times to the constitution, bylaws, rules, regulations, and policies of the NATIONAL ASSOCIATION OF REALTORS®.

Section 4 Participation. Any REALTOR® of this or any other association 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 bylaws, shall be eligible to participate in multiple listing upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto.* However, under no

developed by or published by the 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 the Association Multiple Listing Service where access to such information is prohibited by law.

A Non-Member applicant for MLS Participation who is a principal, partner, corporate officer or branch office manager acting on behalf of a principal, shall supply evidence satisfactory to the Association that they have a place of business within the jurisdiction of the Space Coast Association of REALTORS®, or a Board/Association of REALTORS® contiguous thereto, has no record of recent or pending bankruptcy (*), has no record of official sanctions involving unprofessional conduct (**), agrees to complete a course of instruction (if any) covering the MLS Rules and Regulations, and shall pass such reasonable and nondiscriminatory written examination thereon as may be required by the MLS, and shall agree that as a Participant, they will abide by such rules and regulations and pay the MLS fees and dues, including any Non-Member fee differential, as from time to time established.

The Association will also consider the following when determining a non-member applicant's qualifications for MLS participation or membership:

- 1) All final findings of Code of Ethics violations and violations of other membership duties in any other association within the past three (3) years
- 2) Pending ethics complaints (or hearings)
- 3) Unsatisfied discipline pending
- 4) Pending arbitration requests (or hearings)
- 5) Unpaid arbitration awards or unpaid financial obligations to any other obligations to any other Association or Association MLS

Under no circumstances is any non-member individual or firm entitled to Multiple Listing Service "Membership" or "Participation" unless they hold a current, valid real estate broker's license and offer or

circumstances is any individual or firm, regardless of membership status, entitled to multiple listing 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 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 by or published by an association multiple listing service where access to such information is prohibited by law.

Any applicant for MLS participation and any licensee (including licensed or certified appraisers) affiliated with an MLS participant who has access to, and use of MLS-generated information shall complete, if offered, an orientation program of no more than eight (8) classroom hours devoted to the MLS rules and regulations and computer training related to MLS information entry and retrieval within thirty (30) days after access has been provided. The requirement of attendance at an orientation program is the most rigorous requirement that may be established.

Generally, when there is more than one principal in a real estate firm, the firm will define the designated REALTOR® of the firm as the MLS participant. Brokers or salespersons other than principals are not considered participants in the service but have access to and use of the service through the principal(s) with whom they are affiliated.

Mere possession of a broker's license is not sufficient to qualify for MLS 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 MLS and/or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS. "Actively" means on a continual and ongoing basis during the operation of the participant's real estate business the "actively" requirement is not intended to preclude MLS participation by a participant or 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

accept cooperation and compensation to the other participants. Use of information developed by or published by the Multiple Listing Service is strictly limited to the activities authorized under a Participant's licensure(s) and unauthorized uses are prohibited.

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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 MLS in which participation is sought. This requirement does not permit an MLS 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 Participant actively endeavors to make or accept offers of cooperation and compensation. An MLS 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 MLS has a reasonable basis to believe that the Participant or potential Participant is in fact not doing so.

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A nonmember applicant for MLS participation who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, shall supply evidence satisfactory to the Association that they have no record of recent or pending bankruptcy; has no record of official sanctions involving unprofessional conduct; agrees to complete a course of instruction (if any) governing the MLS rules and regulations and computer training related to MLS information entry and retrieval, and shall pass such reasonable and non-discriminatory written examination thereon as may be required by the MLS; and shall agree that if elected as a participant, they will abide by such rules and regulations and pay the MLS fees and dues, including the nonmember differential (if any), as from time to time established. Under no circumstances is any individual or firm entitled to MLS participation or membership 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 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.

The membership requirement shall be applied on a nondiscriminatory manner to all Participants and potential Participants.

(*) NO RECENT OR PENDING BANKRUPTCY is intended to mean that the applicant or any real estate firm in which the applicant is a sole proprietor, general partner, or corporate officer is not involved in any pending bankruptcy or insolvency proceedings or, has not been adjudged bankrupt in the past three (3) years. If a bankruptcy proceeding as described above exists, participation may not be rejected unless the MLS establishes that its interests and those of its Participants and the public could not be adequately protected by requiring that the applicant pay cash in advance for MLS fees for up to one (1) year from the date that participation is approved or from the date that the applicant is discharged from bankruptcy (whichever is later). In the event that an existing Participant initiates bankruptcy proceedings, the Participant may be placed on a "cash basis" from the date that bankruptcy is initiated until one (1) year from the date that the Participant has been discharged from bankruptcy.

() NO RECORD OF OFFICIAL SANCTIONS INVOLVING UNPROFESSIONAL CONDUCT** is intended to mean that the MLS may only consider judgments within the past three (3) years of violations of (1) civil rights laws; (2) real estate license laws; (3) or other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities.

Section 4. Supervision. The activity shall be operated under the supervision of the Multiple Listing Committee, in accordance with the Rules and Regulations subject to the approval of the Board of Directors.

Section 5. Appointment of Committee. The President shall select a Multiple Listing Chairman and Committee subject to confirmation by the Board of Directors. All Members of the Committee shall be REALTOR® or REALTOR® Appraiser Participants in Multiple Listing or REALTORS® or REALTOR® Appraisers affiliated with Multiple Listing Participants. The majority of members shall be MLS Participants.

Further, none of the foregoing is intended to convey participation or membership or any right of access to information developed by or published by an association multiple listing service where access to such information is prohibited by 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 MLS in which participation is sought. This requirement does not permit an MLS 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 participant actively endeavors to make or accept offers of cooperation and compensation. An MLS 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 MLS has a reasonable basis to believe that the participant or potential participant is in fact not doing so. The membership requirement shall be applied in a nondiscriminatory manner to all participants and potential participants.

In states, like Florida, where law requires non-association members to be admitted to the MLS of an association of REALTORS®, any limitations or restrictions imposed on participation or membership shall be no more stringent than permissible under the National Association's membership qualification.

The Association will also consider the following when determining a nonmember applicant's qualifications for MLS participation or membership:

- all final findings of Code of Ethics violations and violations of other membership duties in any other association within the past three (3) years
- pending ethics complaints (or hearings)
- unsatisfied discipline pending
- pending arbitration requests (or hearings)
- unpaid arbitration awards or unpaid financial obligations to this or any other association or Association MLS

Section 5 Subscribers. Subscribers (or users) of the MLS include non-principal brokers, sales associates, and licensed and certified appraisers affiliated with participants.

Section 6. Access to Comparable and Statistical

Information. Members who are actively engaged in real estate brokerage, management, appraising, land development or building, but who do not participate in the MLS, are nonetheless entitled to receive, by purchase or lease, 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 specified in the MLS Rules and Regulations. Association members who receive such information, either as an Association service or through the Association's MLS, are subject to the applicable provisions of the MLS Rules and Regulations whether they participate in the MLS or not.

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