

STATE-WIDE MULTIPLE LISTING SERVICE, INC.
POLICY AND PROCEDURES MANUAL

Table of Contents

SECTION 1. AUTHORITY AND CONSTRUCTION..... 2

SECTION 2. MLS STRUCTURE..... 2

 2.1 Elected Officers..... 2

 A. Description/Responsibilities of Office 2

 1. Office of the President..... 2

 2. Office of the President-Elect..... 3

 3. Office of the Secretary/Treasurer..... 3

 2.2 Board of Directors..... 4

 A. Attendance by Telephone or Other Electronic Means 4

 B. Board of Director’s Legal Responsibilities 5

 C. Fiduciary Duties..... 5

 D. Conflict of Interest 6

 E. Representing MLS’ Interests..... 8

 F. Legal Liability/Indemnification by MLS..... 8

 2.3 Executive Committee..... 9

 A. Role of Executive Committee..... 9

 B. Role of Executive Committee Participants and Subscribers..... 9

 C. Attendance by Telephone or Other Electronic Means 9

SECTION 3. NOMINATING COMMITTEE..... 9

 A. Application Procedures 10

 B. Authority of Nominating Committee 10

 C. Review of Applications 10

 D. Attendance by Telephone or Other Electronic Means 10

 E. Nominations from the Participants and Subscribers..... 10

SECTION 4. FINANCIAL MANAGEMENT 11

 4.1 Audit Review Committee 11

 A. Composition and Description of the Audit Review Committee 11

 4.2 Treasury Management..... 11

 4.3 Fund Policy 12

 A. Operating Funds..... 12

| | |
|--|----|
| B. Reserve Funds | 12 |
| C. General Investment Policy | 12 |
| 4.4 Annual Audit | 13 |
| A. Audit Firm Qualifications | 13 |
| 4.5 Supplemental Budget Requests..... | 13 |
| 4.6 Reimbursable Activities | 13 |
| A. Compliance with the IRS | 14 |
| B. Travel Expense and Reimbursement Policy..... | 14 |
| C. Expenses Paid by MLS..... | 14 |
| 1. Transportation | 14 |
| 2. Travel Dates | 14 |
| 3. Lodging..... | 14 |
| 4. Meals..... | 14 |
| 5. Ground Transportation | 14 |
| 6. Parking at Airport..... | 14 |
| 7. Tips & Gratuities | 14 |
| 8. Other Business Meetings | 14 |
| 9. Receipts..... | 14 |
| D. President’s Expenses..... | 14 |
| | 15 |
| SECTION 5. LEGAL | 15 |
| 5.1 ADA Compliance | 16 |
| 5.2 Anti-Trust Compliance | 16 |
| 5.3 Harassment | 16 |
| 5.4 Whistleblower Policy | 16 |
| 5.5 Contracts..... | 17 |
| 5.6 MLS Forms..... | 17 |
| A. Authorized Use..... | 17 |
| B. Approval Process..... | 17 |
| 5.7 Records Retention Policy | 18 |
| 5.8 Social Media Policy and Guidelines | 20 |
| 5.9 Use of MLS Platforms..... | 23 |
| 5.10 Alcoholic Beverage Policy | 23 |
| 5.11 Establishment of Policy and Changes to Policy | 23 |

SECTION 1. AUTHORITY

- A. State-Wide Multiple Listing Service, Inc. (“MLS”) and this manual is governed by MLS Bylaws, MLS Rules and Regulations, and MLS Penalty Fees & Fines.
- B. All references to Officers, Directors, and Committees refer to MLS leaders and officials unless otherwise stated.

SECTION 2. MLS STRUCTURE

2.1 Elected Officers

- C. **Description/Responsibilities of Office, and if applicable, Minimum Qualifications** for MLS Officers. All Officers shall be familiar with the responsibilities and qualifications of their office, as well as the other offices of MLS. All Officers shall sign annually and comply with a Pledge of Fiduciary Duty, which addresses the categories of loyalty, conflict of interest, confidentiality, obedience, good faith, reasonable care, anti-trust, what constitutes a breach of duties, and a certification of insurability.

1. Office of the President

a. Description/Responsibilities of Office:

- i. **General Responsibilities:** Preside over the Executive Committee and Board of Directors meetings, and together with the Chief Executive Officer:
 - determine MLS' current and future direction;
 - define MLS policies;
 - create and implement MLS' strategic vision;
 - approve a comprehensive budget for MLS;
 - provide leadership support for all phases of Participants and Subscribers' services;
 - assume a visible leadership role at state, national and local networking, educational and social functions;
 - identify, develop and nurture future volunteer leaders;
 - travel to national, regional, and in-state meetings and conferences.
- ii. **National Responsibilities:** The President shall participate in the following NAR programs/events, and any other programs/events as may be required, including the NAR REALTORS® Legislative Meetings and NAR NXT Governance Meetings
- iii. **Task Forces and Work Groups Committee Appointments:** The President has the authority to appoint Task Forces and/or Work Groups subject to approval of the Board of Directors and may dissolve any Committee, Task Force and/or Work Group, except those standing Committees which require a change in the Bylaws. The President has the authority to establish a Task Force or Work Group to address a pending issue of critical concern. The President shall be an ex-officio, non-voting Participant and Subscriber of all Committees, Task Forces and/or Work Groups except for the Nominating Committees.

- iv. **Media Spokesperson:** The President is the primary Media Spokesperson for MLS. The Chief Executive Officer is to act as advisor to the President on matters regarding news releases and the delegate for the President, upon request.

If the President is not available for comment, the next most authoritative Officer, who is available will be sought. This may be the President-Elect, Chief Executive Officer, the Secretary/Treasurer, or someone particularly well qualified and respected as a spokesperson on the subject.

2. Office of the President-Elect

a. Description/Responsibilities of Office:

- i. A President-Elect, who is elected in accordance with MLS Bylaws is vested and shall automatically assume the Office of the Presidency when the term of the President expires; or upon the resignation of the President; or upon removal of the President from office in accordance with the Bylaws and this Manual;
- ii. It is the duty of the President-Elect to perform the duties of the President in the event of his/her absence or disability and to perform such other duties as may be delegated by the President or the Board of Directors. Should the President's absence or inability to act become permanent, the President-Elect shall ascend to the Presidency.
- iii. The President-Elect is a members of the Executive Committee
- iv. National Responsibilities: The President-Elect shall participate in the following NAR Programs/ events, and any other programs/events as may be required , including the NAR REALTORS® Legislative Meetings and NAR NXT Governance Meetings.
- v. Additional Travel: The President-Elect shall attend such other national, regional, and in-state meetings and conferences as may be required by MLS.

3. Office of the Secretary/Treasurer

a. Description/Responsibilities of Office:

- i. Annual Budget: The Secretary/Treasurer is charged with the responsibility of presenting statements to the Board of Directors showing the income and expense of MLS' activities. In addition, the Secretary/Treasurer, in cooperation with the Chief Executive Officer, Chief Financial Officer (CFO) and Executive Committee, shall prepare an annual budget which is reviewed and approved by the Board of Directors.
- i. MLS' Investments: The Secretary/Treasurer, with the approval of the Board of Directors and Chief Executive Officer, oversees the investments of MLS' reserved funds to ensure maximum protection and maximum yield.

- ii. The Secretary/Treasurer shall work closely with the Chief Executive Officer and Chief Financial Officer to ensure MLS utilizes proper accounting procedures and maintains complete control of income and expenses at all times.
- iii. Audit: The Secretary/Treasurer shall ensure that the Chief Executive Officer arranges to have the annual audit conducted by a CPA firm in accordance with generally accepted accounting standards and as required by MLS Bylaws.
- iv. MLS' Financial Needs: The Secretary/Treasurer is responsible to determine, as far in advance as possible, MLS' financial needs, through review of the monthly financial statements. Any expenditure above that approved in the budget must be authorized by the Board of Directors. The Treasurer will review all expenditures and shall be an authorized signatory on all MLS accounts.
- v. Disbursement Approval: The Secretary/Treasurer, in conjunction with the Chief Executive Officer and the Chief Financial Officer, shall have primary oversight responsibility for disbursement of funds. The Secretary/Treasurer and Chief Executive Officer shall have primary responsibility for countersigning any check, the amount of which exceeds \$2,500.
- vi. Supervise the keeping of the records of proceedings and meetings.
- vii. In the event that the Secretary/Treasurer's absence or inability to act becomes permanent, a special meeting of the Nominating Committee will be called to appoint a Secretary/Treasurer to complete the unexpired elective term, subject to the qualifications for the office specified and the approval of the Board of Directors.
- v. The Secretary/Treasurer shall attend such other national, regional, and in-state meetings and conferences as may be requested by MLS, if the other officers are not available.

b. *Minimum Qualifications of Candidates:*

- i. The candidate shall have served at least one year on MLS Board of Directors or have equivalent experience.

2.2 Board of Directors

A. Attendance by Telephone or Other Electronic Means

- 1. Meetings may permit the use of conference communication equipment to facilitate participants' simultaneous communication. Such participation shall be counted in determining the presence of a quorum at the meeting.
- 2. Attendees shall make reasonable efforts to ensure that unauthorized people cannot observe or listen to the discussion.

3. MLS Participants and Subscribers shall not record MLS meetings without consent from the presiding officer of the meeting.
4. Electronic Voting: Voting may be conducted electronically after the issue has been discussed by a quorum of the Board of Directors.

B. Board of Director's Legal Responsibilities

MLS is incorporated in the State of Rhode Island; therefore, the responsibilities and actions of the Directors fall under the broad scope of corporate law. Corporations, by necessity, must act and take corporate initiatives through individuals in responsible roles as fiduciaries of the organization when acting as Directors. As the representatives of the corporation, Directors may authorize the ordinary business of a corporation within the scope of its Articles of Incorporation. The Board of Directors of MLS is responsible for making policy decisions that govern MLS within MLS' Articles of Incorporation and Bylaws.

Among other duties, the Directors have the responsibility to:

1. Approve MLS' annual budget;
2. Establish Participants and Subscribership dues;
3. Determine public policy positions as they pertain to the real estate industry;
4. Approve governing policies of MLS;
5. Recommend and approve necessary amendments to the Articles of Incorporation and Bylaws;
6. Responsible for the hiring and termination of the Chief Executive Officer.
7. The Board of Directors may retain outside legal and other professional counsel as approved by the Chief Executive Officer. Should the need for counsel relate to the conduct of the Chief Executive Officer, the Board of Directors may retain outside legal and other professional counsel without the approval of the Chief Executive Officer.

C. Fiduciary Duties

Directors of MLS have a fiduciary relationship toward MLS and are required to use the utmost good faith in the exercise of their power in the interests of MLS. A Director must perform his/her duties as a Director in a manner he/she reasonably believes to be in the best interests of MLS, and with such reasonable care as an ordinarily prudent person in a like position would use under similar circumstances.

All Directors shall sign annually and comply with a Pledge of Fiduciary Duty, which addresses the categories of loyalty, conflict of interest, confidentiality, obedience, good faith, reasonable care, anti-trust, what constitutes a breach of duties, and a certification of insurability.

D. Conflict of Interest

The purpose of the conflict of interest policy is to protect the interests of MLS when it is contemplating entering into a transaction or arrangement that may benefit the private interest of an Officer, Director, employee or agent of MLS, or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

1. Definitions:

- a. *Interested Person:*** Any Director, Officer, or Participants and Subscribers of a committee with Board of Directors delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
- b. *Financial Interest:*** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family Participants and Subscribers and as it relates to an Officer and Director:
 - i. An ownership or investment interest in any entity with which MLS has a transaction or arrangement,
 - ii. A compensation arrangement with MLS or with any entity or individual with which MLS has a transaction or arrangement, or
 - iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which MLS is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors which exceed twenty dollars (\$20.00) in value.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

2. Procedures:

- a. *Duty to Disclose:*** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors considering the proposed transaction or arrangement.
- b. *Determining Whether a Conflict of Interest Exists:*** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Directors meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board Participants and Subscribers shall decide if a conflict of interest exists.

c. *Procedures for Addressing the Conflict of Interest:*

- i. An interested person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- ii. The President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- iii. After exercising due diligence, the Board of Directors shall determine whether MLS can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- iv. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in MLS' best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

d. *Violations of the Conflicts of Interest Policy:*

- i. If the Board of Directors has reasonable cause to believe a Participants and Subscribers has failed to disclose actual or possible conflicts of interest, it shall inform the Participants and Subscribers of the basis for such belief and afford the Participants and Subscribers an opportunity to explain the alleged failure to disclose.
- ii. If, after hearing the Participants and Subscribers' response and after making further investigation as warranted by the circumstances, the Board of Directors determines the Participants and Subscribers has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

3. *Records of Proceedings:*

The minutes of the Board of Directors and all Committees with Board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

4. *Compensation:*

- a. A voting Participants and Subscribers of the Board of Directors who receives compensation, directly or indirectly, from MLS for services is precluded from voting on matters pertaining to that Participants and Subscribers' compensation.
- b. A voting Participants and Subscribers of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MLS for

services is precluded from voting on matters pertaining to that Participants and Subscribers' compensation.

c. No voting Participants and Subscribers of the Board of Directors or any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from MLS, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

E. Representing MLS' Interests

Under Rhode Island law, an Officer or a Director, is required to act in the best interest of the corporation. MLS Directors represent all MLS Participants and Subscribers, not only those in their real estate brokerage or other organization. An Officer or Director is not obligated to vote a certain way because his/her constituency has a certain opinion. If an Officer or Director abrogate their right to vote and just follow the wishes of others, they are in breach of their duty.

F. Legal Liability/Indemnification by MLS

1. MLS shall carry an errors and omissions liability insurance policy to indemnify and hold harmless against all expenses and loss reasonably incurred by an Officer, Director, volunteer, employee or agent of MLS in any legal action brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of such capacity on behalf of MLS at the time of the alleged act in question, whether any action is or has been filed and whether or not any settlement or compromise is approved by a court or administrative body. Such expenses shall include, but are not limited to, legal fees, judgments, penalties and amounts paid in settlement or compromise.
2. The Officer, Director, volunteer, employee, or agent of MLS shall be indemnified against all expenses and loss if the Board of Directors at such meeting determines in good faith that with regard to the matter involved in the action or contemplated action, the Indemnitee acted reasonably and believed his actions or failure to act was done in the best interest of MLS. In the case of a criminal action or proceeding, the Officer, Director, volunteer, employee, or agent of MLS shall meet an additional requirement: that he or she had no reasonable cause to believe that the alleged conduct was unlawful at the time.
3. As a condition of indemnification, the Officer, Director, volunteer, employee or agent shall notify the President or Chief Executive Officer of MLS of any claim or potential claim within thirty (30) days after first becoming aware of such claim. The Board of Directors shall consider the issue at its next regular meeting or at a special meeting held within a reasonable time after receiving notice of a claim or potential claim. MLS shall have the right to refuse indemnification if the Officer, Director, volunteer, employee or agent fails to comply with the requirements of this section or MLS Board of Directors determines that such individual had no reasonable cause to believe the conduct was unlawful at the time.

2.3 Executive Committee

The Executive Committee provides oversight of Committee actions and provides appropriate recommendations to the Board of Directors. The Committee will transact business between meetings of the Board of Directors within the approved budget and will report in full to the Board of Directors at its next meeting.

The meeting schedule will be distributed in advance of the commencement of the elective term. Each voting member of the Executive Committee will be transmitted an agenda and packet of meeting material in advance of each regularly scheduled Executive Committee meeting.

A. Role of the Executive Committee

1. Review and approve minutes of the previous meeting.
2. Review and refer financial statements to the Board of Directors.
3. Prepare the annual MLS Budget.
4. Review Committee, Task Force and/or Work Group recommendations and make recommendations to the Board of Directors.
5. Ensure compliance with legal norms and good business practices.
6. Take appropriate action on an emergency basis between Board of Director meetings.
7. Review and approve MLS forms as provided in Section 5.6.
8. Comply with the duties of the Board of Directors that are described in Section 2.3 (D) – (G).

D. Role of the Executive Committee Participants and Subscribers

1. Regularly and punctually attend meetings and stay for the entire meeting except when prior approval to leave early has been granted by the President.
2. Offer opinions and exercise reasonable judgment on issues before the Committee.
3. Know the financial condition of MLS and be acquainted with the budget process.
4. Be primarily concerned with achieving the Strategic Plan and providing the appropriate amount of oversight for operations.
5. Understand the fiduciary responsibility to the corporation and exercise reasonable prudence in fulfilling his or her responsibility without regard for personal business interests.
6. Understand the decision-making processes of MLS and respect the roles delegated to Committees and staff with reasonable deference to their due diligence in recommending appropriate action to the Executive Committee.

C. Attendance by Telephone or Other Electronic Means

1. Meetings may permit the use of conference communication equipment to facilitate participants' simultaneous communication. Such participation shall be counted in determining the presence of a quorum at the meeting.
2. Attendees shall make reasonable efforts to ensure that unauthorized people cannot observe or listen to the discussion.
3. MLS Participants and Subscribers shall not record MLS meetings without consent from the presiding officer of the meeting.

4. **Electronic Voting:** Voting may be conducted electronically after the issue has been discussed by a quorum of the Committee.

SECTION 3. NOMINATING COMMITTEE

A. Application Procedures

1. **Applications for Office:** The Nominating Committee shall adapt an application form and reasonable screening procedures. Any Participants and Subscribers in good standing with MLS may submit an MLS application to the Nominating Committee for consideration as a candidate for a director position.
2. **Supplemental Materials:** If any candidate desires to provide materials promoting their candidacy to members of the Nominating Committee, it is the candidate's sole responsibility to deliver those materials in advance, directly to the Participants and Subscribers of the Nominating Committee, prior to the meeting.
3. **Application Deadline:** Participants and Subscribers may submit a completed Nominating Committee Application Form, for an Officer candidate to the MLS Board of Directors a minimum of five days prior to the Board of Directors meeting.
4. **Lobbying:** Participants and Subscribers of the Board of Directors may not lobby or speak on behalf of any candidate at the meeting of the Nominating Committee.

B. Authority of Nominating Committee

The Nominating Committee shall consider all information and justifications and has the sole authority to determine if the candidates are qualified.

E. Review of Applications

The Nominating Committee shall meet to review the applications and other materials.

F. Attendance by Telephone or Other Electronic Means

1. Meetings may permit the use of conference communication equipment to facilitate participants' simultaneous communication. Such participation shall be counted in determining the presence of a quorum at the meeting.
2. Attendees shall make reasonable efforts to ensure that unauthorized people cannot observe or listen to the discussion.
3. MLS Participants and Subscribers shall not record MLS meetings without consent from the presiding officer of the meeting.
4. **Electronic Voting:** Voting may be conducted electronically after the issue has been discussed by a quorum of the Committee.

- G. **Nominations from the Participants and Subscribers:** Any candidate who wishes to run from the floor shall complete the application screening process and be deemed "qualified" by a

subset of 5 Participants and Subscribers of the Nominating Committee. Such additional nominations for an Officer position may be made by a minimum of fifty (50) Participants and Subscribers, provided such nominations are in writing, signed by the persons making them, and delivered to the Vice President not less than fifteen (15) days prior to the date of the Annual Meeting or the Special Meeting in lieu thereof.

The candidate shall be responsible for gathering and affirming, under the pains and penalties of perjury, the fifty (50) signatures in support of his/her candidacy. The Nominating Committee shall review the signatures to determine whether they are valid.

SECTION 4. FINANCIAL MANAGEMENT

4.1 Audit Review Committee

A. Composition and Description of the Audit Review Committee

The Committee shall be composed of the Officers of the Rhode Island Association of REALTORS® and the Officers of State-Wide MLS. Committee Participants and Subscribers terms shall be one (1) year.

The Committee shall meet a minimum of twice annually to discuss the annual audit procedure and planning, and to receive the annual audit presentation. The Committee's role is to oversee all material aspects of MLS' financial reporting, internal control and audit functions, including the following:

1. The integrity of MLS' financial statements, as well as the accounting and financial reporting processes and financial statement audits.
2. MLS' compliance with legal and regulatory requirements.
3. The registered public accounting firm's (independent auditor's) qualifications and independence.
4. The performance of MLS' independent auditor and internal audit function.
5. MLS' systems of disclosure controls and procedures and internal controls over financial reporting, and compliance.

4.2. Treasury Management

MLS has established policies that maintain reasonable security of MLS' cash and liquid assets and which are hereby incorporated by reference. Accordingly:

1. Check signatories on all operational accounts shall be reviewed by the Committee on an annual basis. This review shall also be performed when any new accounts are opened.

2. All checks, in excess of \$2,500, will require two signatures of qualified signatories, which includes the President, President-Elect, Secretary/Treasurer, and the Chief Executive Officer. The primary signatories are the Secretary/Treasurer and the Chief Executive Officer.
3. Adequate insurance protection will be in place since employees are highly involved in the cash management process. The cost is to be paid by MLS.
4. Proposed motions presented to the Board of Directors which require financial commitments of MLS funds that are greater than 5% of the reserve fund balance need to be presented to the Executive Committee for fiscal soundness prior to the Board of Director's meeting.

4.3 Funds

A. Operating Funds

MLS shall maintain safety of principal for current year operating funds while providing sufficient liquidity to meet cash needs. Investments shall be limited to instruments that are backed or underwritten by the U.S. government or its agencies. Changes in the Investment Policy or the investment institutions used for operating funds shall be made at the direction of the President, Secretary/Treasurer and Chief Executive Officer, with review by the Executive Committee and approval of the Board of Directors.

B. Reserve Funds

1. A Reserve Fund shall be established and maintained which shall be a source of funds for authorized MLS activities that exceed revenue sources.
2. Disbursements from the Reserve Fund shall require a majority vote of an officially called meeting of the Board of Directors, with 30 days' advance notice provided to the Directors, when possible, of intentions to use any part of the fund.
3. The Reserve Fund shall be funded by transfers from operational revenue sources, occurring on an annual basis, to maintain liquid asset balances.
4. MLS shall achieve the highest rate of return for reserve funds, while avoiding risk in order to maintain safety of principal through investment practices, as approved by the Board of Directors and as identified in the current MLS Investment Policy.

C. General Investment Policy

Brokered certificates of deposit and multiple certificates of deposit in a given institution are subject to the \$250,000 cap on Federal Deposit Insurance Corporation (FDIC) insurance coverage and must be limited to that amount.

4.4 Annual Audit

An Annual Audit of MLS' finances shall be made by an external CPA firm, conducted at approximately the same time every year (winter). The Annual Audit shall be conducted according to generally accepted accounting practices.

A. Audit Firm Qualifications

MLS' auditors shall be certified public accountants. Independent CPAs shall not be considered, as a CPA firm is necessary due to MLS' size and scope of activities. The qualifications of an audit firm shall include a verifiable number of clients and experience commensurate with the needs of MLS. The audit firm should work in the general Rhode Island area and be familiar with not-for-profit entities.

4.5 Supplemental Budget Requests

Any program proposed for funding after adoption of the annual budget must be presented as a separate budget line item or incorporated into an existing and approved budget line item, and must include the same decision-making information as if proposed during the normal budget cycle. The program proposal shall be reviewed by the Leadership Team to verify financial impact. The Leadership Team, by majority vote, has to approve the program to enable the President to authorize the allocation of funds.

4.6 Reimbursable Activities (Note: policy subject to annual budgetary allowance limits)

A. Compliance with the IRS

MLS' travel reimbursement guidelines shall comply with the Internal Revenue Service's "Accountable Plan" reimbursement regulations. The guidelines shall also comply with the most current Internal Revenue Service's "Standard Mileage Rates for Business Purposes."

- 1. Travel Expense and Reimbursement Policy** MLS or State-Wide MLS Officer will coordinate with MLS staff in making reservations for all airfare and lodging requirements for attendance at National, New England and MLS meetings. The Officer or designated attendee is responsible for charging the hotel fee to his/her personal credit card and submitting the expense for reimbursement on MLS Expense Report Form. Reimbursement for airfare will be limited to the average cost of airfares for all attendees.
- 2. MLS reimburses the MLS President, President-Elect, Secretary/Treasurer for the following National, unless funding is received from another funding source:**
 - NAR REALTORS® Legislative Meetings & Expo
 - NAR NXT, The REALTOR® Experience [NAR NXT Governance Meetings]

Requests may be approved by the Chief Executive Officer or at the Chief Executive Officer's recommendation of approval by the Board of Directors. Anyone accepting such funding

shall be obligated to attend and represent MLS at those meetings and/or programs that are the subject of the request.

3. The per diem rate is established annually by the Executive Committee and specified in the current year's budget. The per diem rate includes meals, tips/gratuities and ground transportation. The per diem rate will be averaged over the cost of the trip and paid based upon approved daily per diem rate. The current rate is \$125.00 per day.
4. Ticketed events offered in conjunction with National meetings which are social in nature and require the attendance of the Officer shall be deemed included in the per diem amount specified. Any reservations or purchasing of tickets shall be the responsibility of the individual.
5. MLS is responsible for reimbursement of official functions where the Officer represents MLS, including registration at National Conventions.
6. An expense report along with all applicable receipts substantiating the per diem amount must be received in MLS office no later than 60 days after the conclusion of the meetings. After 60 days, a Form 1099 will be issued for any travel advance or travel expense paid by MLS with no exceptions.
7. Requests for reimbursement for all expenses must be on an expense report with attached receipts and received in MLS office within 60 days to be eligible for reimbursement. The request must be explained on the expense report and approved by the Chief Financial Officer, Secretary/Treasurer and Chief Executive Officer.

B. Expenses Paid by MLS MLS shall reimburse the following expenses except as otherwise provided in this section:

1. **Transportation** - The actual cost of the lowest available airfare. The maximum allowable may be the average airfare cost of all attendees. MLS does not pay first class. If the traveler drives to meetings (National or New England), mileage will be reimbursed at the maximum allowable by IRS regulations in effect at the time of travel, with the actual cost not to exceed cost of roundtrip coach airfare.
2. **Travel Dates** - Travel dates must conform to meetings attended. Personal days prior to or after a meeting are a personal expense.
 - a. East Coast Meetings - Departure should be the morning of your first meeting, unless first meeting is prior to 11:00 a.m. Return should be on the same day as your last meeting.
 - b. West Coast - Departure would be a day prior to the first meeting date. The return would be the day after the last meeting.
 - c. Other locations - Departure same day if first meeting is P.M., otherwise day prior is permissible. Return day - if last meeting is prior to 12 noon same day, otherwise, day after at Officer's discretion.

3. **Lodging** – MLS will reimburse the actual cost of lodging at headquarters hotel. Individuals who stay at a hotel that is more expensive, will be reimbursed the actual cost of lodging at the headquarters hotel. Hotel expenses are to be charged to the individual’s personal credit card and submitted for reimbursement. Personal hotel expenses will not be reimbursed, such as movies or laundry service.
4. **Meals** – Meals are included in the per diem amount in accordance with the current year approved budget.
5. **Ground Transportation** – Ground transportation is included in the per diem amount, EXCEPT the cost of transportation to and from airport. Transportation to and from the airport is a separate line item on the Expense Report Form.
6. **Parking at Airport** – Parking at the airport will be reimbursed for the actual cost incurred. The receipt must be attached to the Expense Report Form and submitted within 60 days.
7. **Tips & Gratuities** - Included in per diem amount.
8. **Other Business Meetings** - Actual cost incurred. Receipts must be attached to the expense report and submitted within 60 days.
9. **Receipts** - All expenses above \$25.00 must be accompanied by a receipt.

C. President’s Expenses

MLS shall reimburse the President for expenses incurred when visiting with Participants and Subscribers Boards/MLS, conducting business of MLS or serving as spokesperson for MLS. This funding will be reported to the IRS on Form 1099.

SECTION 5. LEGAL

5.1 Americans with Disabilities Act (ADA) Compliance

All websites that are owned or managed by MLS shall comply with federal and state accessibility requirements.

5.2 Anti-Trust Compliance

All MLS meetings and events shall be conducted in compliance with antitrust laws. Officers, Directors, Committee Chairs, Participants and Subscribers, and staff shall refrain from discussing any of the following topics formally or informally:

- Discussion and/or criticizing individual company policies that relate to compensation or cooperation with competitors.

- Criticizing a competitor's business model.
- Proposing that real estate licensees be excluded from being MLS Participants and Subscribers based on their business model or innovative business practices.

If any of these inappropriate topics is raised at any MLS meeting or event, all Participants and Subscribers present shall remove themselves from such discussions. If the discussion does not end immediately, the meeting should be brought to a prompt adjournment by the person in charge of the conduct of the meeting.

5.3 Harassment

Any Participants and Subscribers of MLS may be reprimanded, placed on probation, suspended or expelled for harassment of an MLS or MLS employee or MLS Officer or Director after an investigation in accordance with the procedures of MLS.

- As used in this section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contacts, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment.
- The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, President-Elect, and/or Vice President and one Participants and Subscribers of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with counsel for MLS.
- Disciplinary action may include suspension or revocation of MLS access.
- If the complaint involves the President, President-Elect, or Vice President, they may not participate in the proceedings and shall be replaced by the Immediate Past President or, alternatively, by another Participants and Subscribers of the Board of Directors selected by the highest ranking officer not named in the complaint.

5.4 Whistleblower Policy

- Purpose.** The purpose of this Whistleblower Policy is to: (1) encourage MLS staff and Participants and Subscribers to report illegal practices or serious violations of adopted policies of MLS or its subsidiaries; (2) specify that MLS will protect the person from retaliation; and (3) identify where such information can be reported.
- Encouragement of reporting.** MLS encourages complaints, reports or inquiries about illegal practices or serious violations of its policies, including illegal or improper conduct by MLS itself

whether by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies. Other subjects on which MLS has existing complaint mechanisms should be addressed through channels described in those mechanisms, such as raising matters of alleged discrimination or harassment, unless those channels are themselves implicated in the wrongdoing. This policy is not intended to provide a means of appeal from outcomes in those other mechanisms.

- C. Protection from retaliation.** MLS prohibits retaliation by or on behalf of MLS against staff or volunteers for making good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. MLS reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.

- D. Where to report.** Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to MLS Chief Executive Officer or MLS President; if both of those persons are implicated in the complaint, report or inquiry, it should be directed to MLS President-Elect. MLS will conduct a prompt, discreet, and objective review or investigation. Staff or volunteers must recognize that MLS may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

5.5 Contracts

The Chief Executive Officer of MLS is specifically authorized and empowered to execute, terminate and bind MLS on contracts pertaining to routine operations of MLS and contracts that implement programs approved by MLS' Board of Directors. Exceptions to these two areas require approval of the President and shall be reported to the Executive Committee.

5.6 MLS Forms

A. Authorized Use. MLS creates and updates forms as a Participants and Subscribers benefit. MLS forms are for the exclusive use of MLS Participants and Subscribers to use in connection with a real estate transaction. These forms are protected by copyright law. MLS Participants and Subscribers shall not alter the pre-printed text; share, retype, copy, post, publish, license, sublicense or sell any portion of MLS forms to unauthorized users, including, but not limited to, vendors, unlicensed individuals, and real estate licensees, who are not Participants and Subscribers in good standing of MLS, without the advance, written authorization of MLS. MLS Participants and Subscribers shall not share passwords to MLS' on-line forms platform, Instanet, with unauthorized users. Violation of this section can result in a loss of access to all MLS forms in addition to penalties for violation of copyright law. MLS Participants and Subscribers should be aware that use of unsupported, outdated versions of MLS forms can result in legal liability.

B. Approval Process

1. The MLS Executive Committee approves forms and shall report in full to the Board of Directors at its next meeting.

5.7 Records Retention Policy

A. General and Financial

| | |
|--|-------------|
| Corporate records, minutes, etc. | Permanently |
| Titles, mortgages, etc. | Permanently |
| Contracts & agreements, expired | 7 years |
| General ledger & trial balance, year-end | Permanently |
| Records of securities owned, canceled | 7 years |
| Journals | Permanently |
| Insurance records: | |
| Fidelity bonds | 3 years |
| Inspectors reports | Permanently |
| Schedules, claims, permanent records | 7 years |
| Fire, liability, auto, etc. policies expired | Optional |
| Record of policies in force | 3 years |
| Tax records of fixed assets, appraisals, additions, retirement | Permanently |
| Accountants' audit reports | Permanently |

B. Sales and Accounts Receivable

| | |
|---|---------|
| Accounts receivable ledgers and subsidiaries | 7 years |
| Accounts receivable trial balances | 3 years |
| Sales journals | 7 years |
| Copies of invoices and supporting data | 3 years |
| Uncollectible account files, including authorization for write-offs | 7 years |
| Records relating to sales to affiliated or associated companies | 7 years |
| Notes receivable and trial balances, canceled | 7 years |

C. Payrolls

| | |
|--|-------------|
| Payroll journals and summaries | 7 years |
| Receipted pay checks, time tickets, etc. | 7 years |
| Records pertaining to payroll deductions | 7 years |
| Files, assignments, attachments, garnish | 3 years |
| Individual earnings records | Permanently |
| Form W-2 | 3 years |
| Form W-4 | Permanently |

D. Cash and Collections

| | |
|---|-------------|
| Cash books - receipts and disbursements | Permanently |
| Bank deposit slips | 1 year |
| Deposit books and stubs | 7 years |
| Bank reconciliation papers | 1 year |
| Records of outstanding checks, drafts, etc. | 7 years |
| Daily or periodic cash reports | 3 years |

| | |
|-------------------------------|---------|
| Canceled checks, paid drafts | 7 years |
| Canceled payroll checks | 7 years |
| Bank statements (after audit) | 7 years |
| Petty cash vouchers | 3 years |

E. Inventories

| | |
|---|-------------|
| General inventory with adjustment records | Permanently |
| Store requisitions | 3 years |
| Physical inventory tags and records | 3 years |

F. Purchases and Accounts Payable

| | |
|---------------------------------------|-------------|
| Accounts payable ledgers | 7 years |
| Accounts payable trial balances | 3 years |
| Voucher register or purchase journals | Permanently |
| Paid bills and vouchers | 7 years |
| Copies of purchase orders: | |
| Purchasing department copy | 3 years |
| Others | 1 year |
| Bids and offers | 7 years |
| Price records of purchases | Permanently |
| Purchase contracts | 7 years |
| Bills of lading | 3 years |

G. Miscellaneous Correspondence:

| | |
|--|-------------|
| Legal and important matters only | Permanently |
| General | 1-5 years |
| Unimportant nature with customers or vendors | 1 year |
| Financial Statements (interim) | Permanently |
| Social Security return: | |
| State | Permanently |
| Federal | Permanently |
| Sales tax – State | Permanently |
| Excise tax – Federal | Permanently |
| Trial balances – monthly | 5 years |
| Equipment records | Permanently |
| Leases – expired | 7 years |

H. Fines and Appeals

| | |
|---------------------|--|
| Fines and penalties | Absent a threat of litigation, retain records of fines, suspensions, and other penalties for at least one year after MLS imposes them. |
| Appeal outcomes | Retain all written appeals and final |

Board of Directors decisions for a period of seven years.

I. Preservation of Records:

All confidential information will be stored by MLS in a safe, secure, password-protected location.

5.8 Social Media Policy and Guidelines for MLS Leadership

A. Introduction

This policy outlines important social media procedures for the leadership of MLS, including but not limited to MLS Officers, the Executive Committee, MLS Directors and MLS Directors, committee chairs, and task force chairs, collectively “MLS Leaders.”

B. MLS Social Media Policy

For the purpose of this policy, “engaging in social media” means posting or uploading content to all types of interactive electronic communications including but not limited to websites, blogs, social networks, discussion boards, and listservs.

1. Leadership:

MLS reserves the right to monitor its social media channels and platforms, including setting Google alerts. MLS Leaders shall not disclose any information that is confidential or proprietary to MLS, or to any third party that has disclosed information to MLS. MLS Leaders shall not use social media to communicate untruthful, derogatory or other information that is harmful to MLS, its employees or its Participants and Subscribers, unless the communication in question is protected by the federal, state or local law.

C. Guidelines

Participation in any type of social media could be visible to MLS Participants and Subscribers. When speaking about issues relating to MLS (real estate, property rights, interest rate tax deductions, etc.) MLS Leaders shall clarify that any personal opinions that they express may not be the same as those of MLS. MLS Leaders are encouraged to write a personal opinion disclaimer in the bio of their social media network profiles. An example: “I’m the _____ i.e. President of State-Wide MLS®, and these are my personal opinions.”

1. Participating in social media on behalf of MLS:

When authorized to speak for MLS on industry-related topics, it is the Leader’s responsibility to be familiar with MLS’ position.

MLS Leaders are encouraged not to become involved in a legal, public or political dispute between Participants and Subscribers, or between ASSOCIATION/MLS and Participants and Subscribers. MLS Leaders should avoid making any statement that can be viewed as preferential to one Participant or another.

MLS Leaders who comment on the behalf of MLS in social media channels, shall forward a link to the comment thread to communications@rirealtors.org.

MLS Leaders shall ask permission of the subjects before publishing a picture, tagging, photo/geotagging, tweeting, “checking in” via location of a Participants and Subscribers, MLS employee, or anyone with a professional relationship with MLS in a non-professional setting. MLS Leaders shall not post photos showing people drinking/partying or in questionable settings because it may send an unintended or unprofessional message to viewers, even if the photo in question occurs at a professional event.

D. Blog/Website/Social Media Requirements

An MLS Leader or Participants and Subscribers shall obtain approval from the MLS Executive Committee, or MLS Chief Executive Officer prior to creating a blog, website or social media in the MLS name.

E. Leadership Participation on MLS Social Media

An MLS Leader or Participants and Subscribers may request that MLS post MLS or industry information, by sending a request to the Communications and Marketing Department at communications@rirealtors.org. MLS reserves the right to edit or revise wording, length of posting, and links.

1. General Rules for Social Media/Online Messaging

MLS reserves the right to remove comments from its social media channels that are considered inappropriate, off-topic, abusive, or are being used to promote and solicit for third-party sites, initiatives or products.

Also, please be mindful of the following guidelines:

- **Respect copyright:** Use caution when publishing text, pictures, video, or other content that was not created by MLS. Almost all written content is protected by copyright laws and requires third parties to obtain a permission or license from the content’s author prior to using it in any manner.
- **Linking vs. republishing:** Whenever possible, link to content elsewhere on the Web instead of republishing it. Excerpt or quote whenever possible with a link back to the original materials.
- **Creative Commons:** In most cases, content created under a Creative Commons license is still protected from commercial use. Do not republish Creative Commons content unless that content is specifically licensed for commercial use.

F. Management of MLS’ blogs/websites/social media channels

MLS Communications and Marketing Department is responsible for creating and administering the organization’s social media accounts, websites, web pages and blogs.

1. Disclaimers should be noted on organization sites/social media channels.

a. *MLS Comments Policy:*

All comments are published unless they violate MLS Comments Policy, below.

This blog/website is provided by the x, i.e. State-Wide Multiple Listing Service, Inc.

X disclaims responsibility for any of the content or opinions expressed on this platform including, but not limited to, content or opinions regarding any products or service mentioned on the platform.

X disclaims liability for any damages or losses - direct or indirect - that may result from use of or reliance on information contained on the site.

This blog may contain links to other web sites operated by third parties. These links are provided as a convenience to access the information contained therein. Inclusion of a link to another site does not indicate any endorsement or approval of the site or its content by MLS.

MLS reserves the right to edit, remove or deny access to individuals or content that it determines to be unacceptable, including, but not limited to, any abusive, profane, obscene, defamatory, or anonymous comments. MLS reserves the right to reproduce posts and comments in other of its online and print communication mediums. Comments or posts that are published elsewhere may be edited for space and clarity to fit stylistically with the other medium.

Moderators reserve the right to delete comments that:

- contain language that we consider offensive or inappropriate
- are not relevant to the post they are responding to
- are purely commercial endorsements, including spam
- infringe the trademarks or copyrights of MLS or any third parties

MLS Participants and Subscribers who submit their comments to any blog/website published by MLS, grants MLS a perpetual, irrevocable, royalty-free license and right to use and/or display such comments at the discretion of MLS and in any medium now existing or hereafter created. Comments to MLS' blogs/websites must be approved by the site's owner before being posted, to ensure that they comply with the above guidelines.

b. General Information to add to blog/website:

The information provided on this page is for educational and informational purposes only. The information should not be construed as a recommendation by MLS for any course of action regarding financial, legal or accounting matters. It is not meant as a substitute for professional advice from a qualified legal, accounting or financial professional.

MLS does not represent, warrant or endorse the accuracy or reliability of any information displayed, uploaded, downloaded or distributed through this page by any user, or any other person or entity. MLS disclaims liability for any damages or losses, direct or indirect, that may result from use of or reliance on information contained on the page.

G. Issues Resolution

Violations of the above social media policies, should be reported to MLS Chief Executive Officer or the Communications and Marketing Department.

5.9 Use of MLS Platforms

Content displayed, published, redistributed, or attached by MLS Participants and Subscribers on websites, platforms or social media sites of MLS shall not promote or disparage specific brokerages or service providers, or be used for recruitment purposes. Such content shall comply with federal and state laws, including, but not limited to, fair housing laws and antitrust laws that prohibit price fixing and group boycott.

5.10 Alcoholic Beverage Policy

MLS shall comply with appropriate Rhode Island laws and contracts with hotels and other entities which serve alcoholic beverages.

5.11 Establishment of Policy and Changes to Policy

MLS policy shall be established or amended by a majority vote of the Board of Directors, provided that written notice of the substance of any proposed amendment(s) shall have been first transmitted to the Directors at least seven (7) days in advance of the meeting. Policy recommendations and/or policy changes shall occur as follows:

- A.** The Executive Committee provides policy recommendations and/or changes to the Board of Directors; or
- B.** Policy recommendations and/or policy changes may come from any MLS Director at a meeting of the Board of Directors for consideration at the next meeting.