

**CONSTITUTION AND BY LAWS OF BROOKLYN NEW YORK
MULTIPLE LISTING SERVICE, INC.**

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CONSTITUTION AND BY-LAWS OF BROOKLYN NEW YORK MULTIPLE LISTING SERVICE, INC.

ARTICLE I-CERTAIN DEFINITIONS

"Affiliate" of a Shareholder or any other person means any person that directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Shareholder or the other person, as applicable. Without limiting the foregoing, a person or entity will be deemed an Affiliate if such person or entity participates with the Shareholder or the other person in the real estate brokerage or agency business whether on an individual basis, or by association with, participation in, employment by or ownership of, or in, a partnership, corporation, limited liability company or any other entity organized or operated for the purpose of facilitating the buying and selling of real estate.

"Board" means the Board of Directors of MLS.

"Class A Common Stock" means the class A common stock, which is the only class of voting stock of the Corporation. The holders of the Corporation's Class A Common Stock are entitled to one vote for each share on all matters voted on by Shareholders and, except as otherwise required by law, the holders of these shares will possess all voting power.

"Class B Common Stock" means the class B common stock, which is a class of non-voting stock of the Corporation. The holders of the Corporation's Class B Common Stock are not entitled to vote on any matters voted on by Shareholders, except as otherwise required by law.

"Class C Common Stock" means the class C common stock, which is a class of non-voting stock of the Corporation. The holders of the Corporation's Class C Common Stock are not entitled to vote on any matters voted on by Shareholders, except as otherwise required by law.

"Consolidation Agreement" means that certain agreement and plan of consolidation dated as of April 14, 2002, by and between Multiple Listing Service Mid County Inc., a New York corporation, and Multiple Listing Service-South Shore Inc., a New York corporation.

"Constitution and By-Laws" means the Articles contained herein as well as the "Rules and Regulations" of MLS.

"Days" means calendar days unless otherwise specified.

"Disinterested Director" means a director of MLS who is not and was not a party to or otherwise interested in the matter in respect of which indemnification is sought by the indemnities.

"Immediate Family" means husband, wife, father, mother, son, daughter, brother, sister, brother-in-law, sister-in-law, son-in-law or daughter-in-law of a deceased Shareholder.

"Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (a) MLS or the indemnities in any matter material to either such party, or (b) any other party to the matter giving rise to a claim for indemnification. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of

professional conduct then prevailing, would have a conflict of interest in representing either MLS or the indemnities in an action to determine the indemnities rights.

"MLS" means the Brooklyn New York Multiple Listing Service, Inc.

A "Multiple Listing Service" is a means by which authorized participants make blanket unilateral offers of cooperation and compensation to other participants (acting either as subagents, buyer agents or both) and as a facility for the orderly correlation and dissemination of listing information among the participants so that they may better serve their clients and the public.

"Shareholder" means a person holding a share of stock in MLS. Such Shareholder is permitted to participate in all activities of MLS provided his/her service is not terminated pursuant to Article III, Section 3.

ARTICLE II-OFFICES

The principal office of MLS shall be in the City of New York, County of Kings, State of New York. MLS may also have offices at such other places within or without the State of New York as the Board may from time to time determine or the business of MLS may require.

ARTICLE III - SHAREHOLDERS

Section I - Right to Participate. Any person or entity, shall have the right to participate in the Multiple Listing Service to be operated by MLS only by virtue of owning a share of Class A Common Stock, provided that the Board shall have the right to revoke such Shareholder's right to participate as set forth in Article III, Section 3, below.

Section 2 – Eligibility to become a Shareholder. To become a Shareholder in MLS an applicant must:

- (i) execute and file an MLS application form;
- (ii) be a real estate broker duly licensed by the State of New York;
- (iii) agree in writing to abide by the MLS Constitution and By-Laws and Rules and Regulations;
- (iv) pay all initially required fees and the purchase price for the share of Class A Common Stock, which purchase price shall be determined from time to time by the Board;
- (v) Satisfactorily complete a prescribed course of instruction provided by MLS;
- (vi) be accepted by action of the MLS Board;
- (vii) pay all outstanding financial obligations to MLS, including any financial obligations that may have arisen when the applicant previously was a Shareholder;

- (viii) Be actively engaged in the real estate profession:
- (ix) Submit a minimum number of listings each year, as determined from time to time by the Board and
- (x) Use proper display of the name of MLS in conformity with regulations of the New York State Department of State.
- (xi) Assure that all licensees are current, dues paying members of the BNYMLS, including, but not limited to any and all licensees of a Class B Common Stock (branch) office.

Section 3-Revocation of Participation Rights. Failure of a Shareholder to comply with eligibility requirements (ii), (vii), (viii), (ix) and (x)(xi), above or any provision of these By-Laws or the Rules and Regulations of MLS, or, in the event of the death of a Shareholder, the Board may deny such Shareholder the right to participate in the Multiple Listing Service to be operated by MLS (unless, in the event of the death of a Shareholder, an Immediate Family member of the deceased Shareholder qualifies for continued participation pursuant to Article VII, Section 4 hereof). In addition, the Board may deny any Shareholder who becomes a Shareholder of MLS pursuant to the Consolidation Agreement the right to participate in the Multiple Listing Service to be operated by MLS, in the event such Shareholder does not consent to be bound by the Rules and Regulations of MLS.

Without limitation to the foregoing, the Board may also deny any Shareholder who becomes a shareholder of MLS the right to participate in the Multiple Listing Service operated by MLS if (a) such Shareholder does not consent to be bound by the certificate of incorporation, by-laws and rules and regulations of MLS, or (b) does not pay all outstanding financial obligations to MLS and/or any MLS subsidiary, including any financial obligations that may have arisen before that Shareholder became a shareholder of MLS.

Section 4 – Shareholders of the MLS may be a corporation, limited liability company, partnership other entity or an individual. A Shareholder that is an entity must designate, in writing, a representative to MLS who shall be an individual employed by or affiliated with the entity Shareholder. Such representative must be a real estate broker duly licensed by the State of New York. Shareholder representatives may be changed by written notification to MLS. A representative of any entity Shareholder may serve as an officer of MLS and/or member of the Board of MLS provided such representative owns at least 50% of the shares, partnership interests, membership interests or other equity interests, as applicable, of the entity. An individual Shareholder may serve in any capacity in MLS.

Section 5 -Additional Offices or Locations. In the event a Shareholder who holds a share of Class A Common Stock of MLS intends to open one or more additional offices or locations to participate in the Multiple Listing Service, such Shareholder shall be required to purchase shares of Class B Common Stock for each such additional office or location. The Multiple Listing Service operated by MLS shall not be available to any new or additional office or location until a share of Class B Common Stock is issued in respect of that office. Anything to the contrary contained in the foregoing notwithstanding, MLS shall not be obligated to issue any share of Class B Common Stock upon request of any Shareholder, unless and until the Board determines to do so in its sole discretion. It is acknowledged that Shareholders who receive their shares in MLS as a result of the Consolidation Agreement will initially own one share of Class C Common Stock for each additional office or location and that each share of Class C Common Stock shall entitle an initial Shareholders to use the Multiple Listing Service operated by MLS for an additional office or location the same as

if that share of Class C Common Stock were a share of Class B Common Stock.

ARTICLE IV-MEETINGS OF SHAREHOLDERS

Section 1 – Place of meeting of Shareholders shall be held at the principal office of MLS or at such place within the State of New York as the Board may from time to time determine. Whenever the Board shall fail to fix such place, the meeting shall be held at such place within the City of New York as may be designated in the notice of such meeting.

Section 2 - Annual Meeting the annual meeting of the Shareholders shall be held in the month of April, at a time and date determined by the President or the Board for the purpose of electing Directors and transacting such other business as may properly come before the meeting.

Section 3 - Regular Meetings. Regular meetings of the Shareholders shall be held at times deemed appropriate by the President or the Board. A minimum of four (4) meetings per year (May to April) shall be scheduled. One of these meetings shall be the annual meeting in April and one shall be the nominating meeting in January referred to in Article V, Section 4.

Section 4 - Special Meeting Special meetings of the Shareholders may be called at the discretion of the President or the Board, but must be called by the President at the written request of a majority of the Board or the holders of not less than one-fourth (1/4) of the outstanding Class A Common Stock. Each request shall state the purpose or purposes of the proposed meeting and be duly signed by the requesters. Business transacted at a special meeting shall be confined to the purpose or purposes stated in the notice.

Section 5 - Notice of Meeting. Notice of all meetings shall be in writing and shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called and to which its business will be limited. The notice for a special meeting shall also indicate that it is being issued by or at the direction of the person or persons calling the meeting. If the Board shall amend, repeal or adopt a by-law regulating an impending election of directors, the notice of the next meeting of Shareholders for the election of directors shall set forth the by-law so amended, repealed or adopted and shall contain a concise statement of the changes made. A copy of the notice of any meeting shall be given to each Shareholder entitled thereto, personally or by first class mail, not fewer than ten (10) days nor more than sixty (60) days before the date of the meeting, provided, however, that a copy of such notice may be given by third class mail not fewer than twenty-four (24) nor more than sixty (60) days before the date of the meeting. If mailed, such notice shall be deemed given when deposited in a United States post office or letter box with postage thereon prepaid, directed to the Shareholder at his or her record address or at such other address for the mailing of notices as he or she may have furnished in writing to the Secretary.

Section 6 - Waivers Notice of meeting need not be given to any Shareholder who signs a waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any Shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice.

Section 7 - Fixing Record Date For the purpose of determining the Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or to express consent to, or dissent from, any proposal without a meeting or for the purpose of determining allotment of any rights, or for the purpose of any other action, the Board shall fix a date, in advance, as the record date for any such determination of Shareholders. Such date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more

than sixty (60) days prior to any other action. If no record date is fixed, the record date for the determination of Shareholders entitled to notice of or to vote at a meeting of Shareholders shall be at the close of the business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held, and the record date for determining Shareholders for any other purpose shall be at the close of business on the day on which the resolution of the directors relating thereto is adopted. When a determination of Shareholders of record entitled to notice of or to vote at any meeting of Shareholders has been made as provided in this Section 7, such determination shall apply to any adjournment thereof, unless directors fix a new record date under this Section 7 for the adjourned meeting.

Section 8 - Quorum of Shareholders. If permitted by the Certificate of Incorporation, representation of ten percent of the Shareholders entitled to vote, in person or by proxy, shall constitute a quorum at all meetings of Shareholders for the transaction of any business. When a quorum is once present and a meeting started, it is not broken by the subsequent withdrawal of any Shareholder. In the absence of a quorum, any meeting may be adjourned by majority vote of the Shareholders present or represented by proxy.

Section 9 - Proxies. Shareholders who hold shares of Class A Common Stock may vote at any Shareholder meeting in person or by proxy, provided the holder of a proxy is a partner, corporate officer, or salesperson of the Shareholder's office or another Shareholder. Every proxy must be signed by the Shareholder or his attorney-in-Fact and indicate the meeting(s) at which the proxy may be used.

Section 10 - Vote of Shareholders. Except as otherwise required by statute or the Certificate of Incorporation, or as provided herein, all action to be taken by Shareholders of MLS shall be determined by vote of at least a majority of valid votes cast at a meeting of Shareholders by the holders of shares of Class A Stock present, in person or by proxy. Unless required by statute or determined by the chairman of the meeting to be advisable, no vote need be by ballot, but in case of a vote by ballot, each ballot shall be signed by the voting Shareholder or his proxy and shall state the number of shares voted.

Section 11 - Procedure. In the absence of rules in these Constitution and By-Laws, or the MLS Rules and Regulations, or as otherwise required under applicable law, the proceedings of an MLS Shareholders' meeting shall be in accordance with Roberts Rules of Order, Revised.

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ARTICLE V-BOARD OF DIRECTORS

Section 1 - Duties And Powers. The Board shall have control and management of the affairs and business of MLS to do all such lawful acts and things as are not by statute or the Certificate of Incorporation directed or required to be exercised or done by the Shareholders, including, but not limited to:

- (i) establishing from time to time initial membership fees, annual dues, processing fees and other charges as may be necessary to provide funds for the costs of operation of the business; and
- (ii) revoking or modifying the President's and/or other officers' authorities when necessary to effectuate the best interest of MLS.

Section 2 – Qualifications. Subject to any provision in the Certificate of Incorporation, a member of the Board must be a person who is a MLS Shareholder or a representative of a MLS Shareholder meeting the qualifications set forth in Article III, Section 4. A Shareholder/broker-owner of one company in the BNYMLS who is an Associate Broker with another company in the BNYMLS is not eligible to sit on the Board of Directors. No company that has representation on another MLS Board of Directors can have representation on the BNYMLS Board of Directors. In addition, a Director must serve for a minimum of two years immediately preceding becoming an officer.

Section 3 - Number of Directors - The initial board of directors shall be comprised of three members. Within 30 days following the date hereof, the initial board shall take action to increase the size of the Board to 15 members. The 15-member MLS Board shall assume office immediately subsequent to their election by the initial board. Thereafter, the Board shall consist of 15 members, until the Board or the Shareholders change such number.

Section 4 - Nominations and Elections to the board.

(I) The initial directors shall be as set forth in Exhibit 2.5A of the Consolidation Agreement. Within the 30 days following the date hereof, the initial board shall elect the members of the first full 15-member Board. The first full Board shall assume office immediately after their election to the board and the resignation of any member of the initial board who is not elected as a member of the first full Board. The first full board will hold office for a term of two years and until the election of its successors at the annual meeting of the Shareholders in April 2005.

(ii) Commencing January 2005, at the regular General Membership meeting held every other January, a Nominating Committee consisting of five (5) Shareholders shall be elected by plurality vote by written ballot. The Member receiving the most votes will be Chairperson. In the event of a tie the Committee shall elect the Chairperson. No One wishing to run for a position on the Board for the first time may be a member of the Nominating Committee. The Committee shall select from the list of active Shareholders a slate of to fill the specific positions of President, Vice President, Secretary, Treasurer and eleven (11) Board of Directors, one of which shall be the Chairman of the Board who is the Immediate Past President, totaling fifteen (15) candidates for election to the Board. In selecting candidates the Committee shall consider the ability of each to perform in a manner that will promote the efficiency of MLS.

Additionally, the Committee shall obtain a written statement from each candidate of his/hers desire and availability to serve actively. This Committee shall submit its slate of candidates with written statements of acceptance to the MLS office by February 15th. The majority of the Committee shall sign such report. These candidates shall be the regular slate of MLS and automatically placed in nomination. No later than ten days after receipt thereof, the MLS office shall publish the regular slate to all Shareholders.

(iii) Additional candidates for officers and directors may be nominated by five (5) or more Shareholders. Such nominations must be in writing accompanied by written acceptances and availability to serve actively, and received in the MLS office no later than 4:30 p.m. on March 15th.

(iv) The election shall be held at the regular Shareholders meeting in April and shall be by written closed ballot. The election of Directors shall be authorized by a plurality of the votes received.

Section 5 - Election Procedures For Closed Balloting. The President shall appoint one chief inspector and as many additional inspectors as he deems necessary to conduct each election. The chief inspector and/or additional inspectors shall:

(i) Ascertain that a quorum is present:

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(ii) Inspect and document each proxy;

(iii) Provide each eligible voter with one ballot and proxy voters with a ballot for each proxy vote;

(iv) Count the ballots and post the results thereof:

(v) Prepare and sign a tally sheet to be retained in the MLS office; and

(vi) Arrange for challenged ballots

Each eligible voter shall provide identification, indicate his/her choice on the ballot and deposit such ballot in the ballot box.

Section 6 - Term Of Office. The term of office for each Director shall commence at the first board meeting in the month of May, following his or her election and shall end at every other annual meeting at which such Director's successor has been elected and has qualified to serve. The elected Directors shall serve a two-year term of office.

Section 7 -Additional And Vacated Directorships. If the office of any Director is or becomes vacant, such vacancy may be filled with any person meeting the qualifications set forth in Article V, Section 2, by the remaining members of the Board in office, though less than a quorum, by a majority vote of such remaining Directors, or by the shareholders holding shares of Class A Common Stock, by majority vote. The person so elected to fill the vacancy shall hold office for the unexpired term and until his successor shall be duly elected and qualified.

Section 8 -Removal Of Directors. A Director may be removed from the Board for cause, by a two-thirds vote of the Board or by majority vote of the shares of Class A Common Stock. A Director may also be removed without cause, by a two-thirds vote of the Shareholders holding Class A Common Stock. Without limitation, three (3) absences from meetings by any Director shall be deemed to constitute "cause". Any Director whose removal is being considered shall be afforded an opportunity to present his/her case to the Board prior to the contemplated removal.

Section 9 – Resignation. A Director may resign at any time by giving written notice to the Board, the President or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect immediately upon receipt thereof and the acceptance of the resignation shall not be necessary to make it effective.

Section 10 - Quorum Of Directors. Unless otherwise provided in the Certificate of Incorporation, a majority of the entire Board shall constitute a quorum for the transaction of business. Once a quorum is present and a meeting started, it is not broken by the subsequent withdrawal of any Director.

Section 11 - Act Of The Board. Unless otherwise required herein or by statute, the vote of a majority of the Directors present at the time of the vote, a quorum being present at such time, shall be the act of the Board. Each Director present shall have one vote. Proxy votes are not permitted.

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Section 12 - Place Of Board Meetings. The Board shall hold its meetings at the office of MLS or at such other places, either within or without the State of New York, as it may from time to time determine or as shall be specified in the notice of any such meeting.

Section 13 -Regular Meetings. Regular meetings shall be held at such times as the President or the Board deems necessary. Except as provided herein, written notice of each regular meeting shall be forwarded at least ten (10) days prior to the date of such meeting.

Section 14 - Special Meetings. Special meetings of the Board shall be held upon notice to the Directors and may be called by the President upon three (3) days notice to each Director, either personally or by mail, fax, telephone or telegram. Special meetings shall also be called by the President upon receipt of a written request by four (4) Board members. Notice of a meeting need not be given to any Director who submits a waiver of notice whether before of after the meeting, or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to him/her.

Section 15 - Action Without a Meeting. Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or committee consent in writing to the adoption of a resolution authorizing the action and the written consent thereto by the members of the Board or the committee shall be filed with the minutes of the proceedings of the Board or committee.

Section 16 - Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the adjournment shall be given to all Directors who were absent at the time of the adjournment and, unless such time and place are announced at the meeting, to the other Directors.

Section 17 - Compensation. No compensation shall be paid to Directors for their services but, by resolution of the Board, a fixed sum and expenses for actual attendance at each regular or special meeting of the Board may be authorized. Nothing herein shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation therefore.

ARTICLE VI-OFFICERS

Section 1 - Number And Term Of Office. The initial officers shall be as set forth in Exhibit 2.5B of the Consolidation Agreement. Except for such initial officers, after the General Membership meeting in April every other year. The results of the election shall be posted, each member elected shall serve a two year term of office. Said officers shall be limited to no more than two consecutive terms in anyone office. Unless otherwise prescribed by the Board, each officer of MLS shall hold office until the meeting of the Board following the next meeting at which Directors are elected and until his/her successor has been elected and qualified.

Section 2 - Removal. Any officer may be removed at anytime by the Board with cause or without cause.

Section 3 - Resignation. An officer may resign at any time by giving written notice of his/her resignation to the Board, President or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect immediately upon receipt thereof and the acceptance of such resignation shall not be required to make it effective.

Section 4 - President. The President shall preside at all meetings of MLS. He/she shall have and discharge such duties as are usually entrusted to the President and such duties as the Board shall delegate to him/her, and he/she shall carry out the policies set by the Board and see that all business of MLS is properly carried out. He/she shall be Chairperson Ex-Officio of all committees except the Nominating and Grievance Committees. He/she shall appoint members to, and may remove members from, all standing and special committees except when otherwise voted by the members of MLS.

Section 5 - Vice President. The Vice President shall, in order of their office, perform the duties of the President in his/her absence, inability or refusal to act, or death. They shall perform such duties as may be assigned to them by the Board or the President.

Section 6 - Secretary. The Secretary shall keep minutes of all meetings of the Board and of the various committees, shall attend to all correspondence, shall be custodian of all Board books and records and shall carry out the duties usual and incidental to the position of secretary.

Section 7 - Treasurer. The Treasurer shall keep an account of all monies received and expended for the use of MLS and shall make disbursements only upon vouchers approved in writing by the President after prior approval of such appropriations by the Board. The Treasurer shall deposit all sums received in a bank approved by the Board in the name of, and to the credit of, MLS and shall make a report at the annual meeting, or when called upon by the President. Funds deposited in the bank by the Treasurer may be withdrawn only upon the signatures of two of the following: the President, the Treasurer and/or a member of the office staff, designated by the Board.

The Treasurer, with the assistance of the Budget Committee, shall draw up the annual budget no later than one (1) month after receipt of the accountants' year-ending report. Such budget shall be submitted for approval at the next regular or special meeting of the Board.

The funds, books and vouchers in the Treasurer's hands shall at all times be under the supervision of the Board and be subject to its inspection and control, and at the expiration of his/her term of office the Treasurer shall deliver over to his/her successor, or in the absence of a treasurer-elect, to the President, all books, monies and other property; shall furnish such bond as may be required by the Board, the premium to be paid by MLS.

Section 8 - Other Officers. The other officers of the Corporation shall have such powers and duties as generally pertain to their respective offices and as the Board or, subject to the control

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of the Board, the-President may from time to time assign to them. The Assistant Vice Presidents, the Assistant Secretaries, the Assistant Treasurers and the Assistant Controllers, if any, shall, in the order of their respective seniorities, in case of the absence or disability of a Vice President, the Secretary, the Treasurer or the Controller, respectively, perform the duties of such officer and have such powers and other duties as the Board or the President may from time to time prescribe.

ARTICLE VII - CERTIFICATES FOR SHARES

Section 1 - Certificates. The shares of MLS shall be represented by certificates. They shall be numbered and entered in the books of MLS as they are issued. They shall exhibit the holder's name and shall be signed by the President or a Vice President and the Treasurer or the Secretary and shall bear the corporate seal. All certificates shall bear the legend that they may not be transferred except to MLS.

Each new Shareholder (or any Affiliate of such new Shareholder) shall be entitled to purchase only one voting share of Class A Common Stock and any additional shares purchased by such new Shareholder (or any Affiliate of such new Shareholder) shall be shares of Class B Common Stock (as discussed below). Other than shares of Class C Common Stock issued to Shareholder as a result of the consolidation pursuant to the Consolidation Agreement, shares of Class C Common Stock will not be issued to MLS Shareholders. The shares of Class C Common Stock issued as a result of the consolidation will remain issued and outstanding until the time such shares are offered by the Shareholder to MLS for repurchase and MLS redeems such shares.

Any Shareholder (or any Affiliate of a Shareholder) who already owns shares of MLS stock and who intends to purchase additional shares shall only be permitted to purchase shares of Class B Common Stock (as discussed below). Other than shares of Class C Common Stock issued to a Shareholder as a result of the consolidation pursuant to the Consolidation Agreement, shares of Class C Common Stock will not be issued to MLS Shareholders. The shares of Class C Common Stock issued as a result of the consolidation will remain issued and outstanding until the time such shares are offered by the Shareholder to MLS for repurchase and MLS redeems such shares.

For each additional real estate office or location opened by a Shareholder (or any Affiliate of such Shareholder) other than such Shareholder's (or such Affiliate's) first office opened, the Shareholder (or his Affiliate) shall be required to purchase one share of Class B Common Stock in accordance with Article III, Section 5, and in no event shall the Shareholder (or the Affiliate) be permitted to purchase additional shares of Class A Common Stock or additional shares of Class C Common Stock in respect of such additional offices opened.

The stock certificates of MLS shall bear the following endorsement: "The shares represented by this certificate including any transfer or pledge, are subject to all the terms of the Certificate of Incorporation and the Constitution and By-Laws of the Brooklyn New York Multiple Listing Service Inc., copies of which are on file at the office of the corporation."

Section 2 - Lost Or Destroyed Certificates. The Board may direct a new certificate or

certificates to be issued in place of any certificate or certificates theretofore issued by MLS alleged to have been lost or destroyed upon the receipt of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his/her/its legal

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representative, to advertise the same in such manner, as it shall require and/or give MLS a bond of indemnity in such sum and with such surety or sureties as it may direct as indemnity against any claim that may be made against MLS with respect to the certificate alleged to have been lost or destroyed.

Section 3 - Recording Of Shares. Each Shareholder shall conduct all business with MLS under the same name he/she or it uses in conducting business as a real estate broker. The fee for any change in name shall be \$100.00.

ARTICLE VIII -SHARE TRANSFER RESTRICTIONS

Section 1 - Transfer Or Pledge Of Shares. Shares of MLS capital stock (whether Class A Common Stock, Class B Common Stock, Class C Common Stock or of any other class or series now existing or hereafter created) may not be directly or indirectly sold, pledged, hypothecated, conveyed, assigned or otherwise transferred in any manner to any person or entity (whether or not related to or affiliated with the Shareholder), except as follows:

(i) In connection with a liquidation, merger or consolidation of MLS, or the sale of all of the capital stock of MLS in a single transaction or a series of related transactions;

(ii) In the event of the death of any Shareholder, the estate of such deceased Shareholder may transfer such Shareholder's shares to a member of the deceased's Immediate Family, provided said Immediate Family member is then an active, licensed real estate broker or, in the event said Immediate Family member is not then an active, licensed real estate broker, if said Immediate Family member thereafter delivers to MLS evidence that he/she has been certified as an active, licensed real estate broker. Normally, such privilege shall be afforded for one year following the death of the Shareholder; however, an extension may be granted upon submission of a written request indicating specifically the steps taken to qualify by the person seeking participation in MLS. Nothing in this section is to be construed as absolving the family member from paying any monies which may have been due from the deceased Shareholder; or

(iii) To MLS, in accordance with Article VIII, Section 3, below.

Section 2 - Redemption of Shares Only Upon Concurrent Sale of Shares. Except in the case of any transfer contemplated in Article VIII, Section 4(b) or if the Board expressly determines in any other case to make an exception, MLS may repurchase a share of Class A Common Stock, Class B Common Stock or Class C Common Stock from a Shareholder only if concurrently with such repurchase MLS sells an Equivalent Share of Common Stock (as defined below) to a prospective Shareholder who is acceptable to the Board in accordance with Article III, Section 2, or (if applicable) an existing Shareholder. For purposes hereof, an "Equivalent Share of Common Stock" shall mean either (x) in the case of the proposed repurchase of a share of Class A Common Stock, (i) one share of Class A Common Stock, (ii) one share of Class C Common Stock, or (iii) two shares of Class B Common Stock; (y) in the case of the proposed repurchase of a share of Class C Common Stock, (i) one share of Class C Common Stock, (ii) one share of Class A Common Stock, or (iii) two

shares of Class B Common Stock; and (z) in the case of the proposed repurchase of a share of Class B Common Stock, (i) one share of Class B Common Stock, (ii) one half of a share of Class A Common Stock, or (iii) one-half of a share of Class C Common Stock.

Section 3 - Payment for Shares. If a prospective Shareholder who is acceptable to the Board is in line to buy shares of MLS stock, then the price to be paid by MLS for shares to be sold by a Shareholder who proposes to sell his or her shares, shall be a price equal to:

- (i) For any share of Class A Common Stock, the price at which such share will be sold to the prospective Shareholder, but in no event shall such price be more than \$20,000, subject to any transfer fee imposed by MLS.
- (ii) For any share of Class B Common Stock, the price at which such share will be sold to the prospective Shareholder, but in no event shall such price be more than \$10,000, subject to any transfer fee imposed by MLS.
- (iii) For any share of Class C Common Stock, the price at which such share will be sold to the prospective Shareholder, but in no event shall such price be more than \$20,000, subject to any transfer fee imposed by MLS.

Section 4- Other Transfers.

(i) If, during the period commencing on the date of closing of the consolidation under the Consolidation Agreement and ending on the fifth anniversary thereof, any Shareholder transfers any share of Class C Common Stock to MLS in accordance with Article VIII, Section 2, that Shareholder may concurrently with that transfer purchase from MLS one share of Class B Common Stock for a price equal to 50% of the price at which one share of Class B Common Stock would then be sold by MLS to a prospective Shareholder, but in no event shall such price be more than \$5,000.

(ii) During the period commencing on the date of the closing of the consolidation under the Consolidation Agreement and ending on the third month anniversary thereof, a Shareholder may, at such Shareholder's option, transfer any share of Class C Common Stock to MLS in consideration for a credit issued by MLS applicable to any and all dues, fees and other monetary expenses incurred by a Shareholder in order to participate in the Multiple Listing Service operated by MLS. The price at which such share shall be repurchased by MLS (i.e., the amount of such credit) shall equal \$7,500, provided that, if the Board in any case determines that a higher amount is appropriate based on the then fair market value of the shares of Class C Common Stock then the consideration shall be a credit for such higher amount. MLS shall accept all shares of Class C Common Stock transferred pursuant to this Section 4(ii) without any condition that there be a prospective Shareholder who is acceptable to the Board in line-to buy an Equivalent Share of Common Stock. A Shareholder who elects to transfer any share of Class C Common Stock pursuant

to this Section 4(ii) shall in no event be permitted to concurrently purchase a share of Class B Common Stock pursuant to Section 4(i).

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Section 5 - Procedure For Redemption Of Shares

(i) MLS shall prepare, update from time to time, and maintain and make available for inspection by any shareholder, a list of shares offered to it for repurchase for which the selling shareholder has not identified a purchaser of an equivalent share of common stock who is acceptable to the board. Such list shall specify the order in which such shares have been offered for repurchase. Shares offered to MLS for repurchase shall be redeemed by MLS in accordance with this article VIII, in the order such shares were offered by the shareholders for repurchase, as set forth on such list.

(ii) In the event a selling shareholder identifies a purchaser of an equivalent share of common stock who is acceptable to the board, such share shall be redeemed by MLS concurrently with the sale by MLS of an equivalent share of common stock to such purchaser.

Section 6 - Transfer Fee

MLS may, at anytime, access a transfer fee on the transfer of any shares of MLS stock, which shall be in an amount to be determined by the Board Of Directors from time to time.

ARTICLE IX – COMMITTEES

Section 1 - Appointments

The president may appoint such standing and special committees of the boards as are authorized. Committee chairpersons shall conduct business in accordance with policies set forth by the board and shall be responsible for periodic reports to the board.

Section 2 - Standing Committees

The following are standing committees of the board

(i) Audit Budget & Finance Committee Of The Board Of Directors

(1) This Board committee shall audit or cause to be audited the accounts of MLS, the treasurer and the secretary at least once a year, which report shall be submitted at least three months after the close of the fiscal year to the entire Board for its consideration, or as often as the Board or the President may deem necessary (2) a sub-committee comprised of the Treasurer, Financial, Secretary, Audit, Budget & Finance Committee Chairperson and Administrative Committee Chairperson will be responsible for proposing a yearly budget no later than October 31 of each year, which proposal shall be presented to the Board at its next meeting and such sub-committee shall have the duty of devising ways and means of meeting the needs of MLS and making recommendations thereof to the officers and the Board.

(ii) Advertising Committee

This Board Committee shall be responsible for coordinating and circulating all promotional and advertising material and for soliciting advertisements to be placed in the MLS listing book.

(iii) Grievance Committee

This Board committee shall be responsible for investigating and determining whether or not there is sufficient evidence to warrant the issuance of a formal grievance against any Shareholder as prescribed on the MLS rules and regulations. If the grievance committee believes that the facts

presented indicate a possible violation of the Code Of Ethics or rules and regulations, the matter shall be referred to the Professional Standards Panel. This committee is also responsible for

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Recommending any amendments to the Constitution and By-laws and Rules and Regulations so as to enable MLS to better serve its Shareholders and the public.

(iv) Constitution & By-Laws/Rules & Regulations Committee - This Board Committee shall be responsible for interpreting the MLS Constitution and By-Laws and Rules and Regulations and also shall be responsible for reviewing and finalizing all proposed amendments to the Constitution and By-Laws and Rules and Regulations prior to the submission of such to the entire Board.

(v) Professional Standards Panel - This Board committee shall be responsible for hearing and ruling on all grievances referred by the Grievance Committee. The committee shall be comprised of no less than three members of the Grievance Committee, who are to be selected by the Chairperson of the committee.

(vi) Education & Special Projects Committee - This Board committee shall be responsible for enforcing compliance with New York State required education courses for retaining or obtaining real estate licenses. The Chairperson shall be an ex-officer member of the Board.

(vii) Program Committee. This Board committee shall be responsible for organizing all educational projects and forums. The committee shall be responsible for providing general interest seminars for Shareholders and salespersons and arranging appropriate ceremonies for the installation of members' of the Board and officers.

(viii) Indoctrination Committee - This Board committee shall be responsible for presenting indoctrination seminars to all new Shareholders of the service on an as needed basis.

(ix) Governmental Committee - This Board committee shall be responsible for keeping the Board informed of pertinent, recently enacted legislation.

(x) Membership Committee - This Board committee shall be responsible for interviewing and investigating the premises of each applicant to the MLS and shall be responsible for providing recommendations regarding approval of said applicant before the Board.

(xi) Dinner-Dance Committee - This Board committee shall be responsible for coordinating the annual affair of the MLS.

(xii) Administrative Committee - This Board committee shall be responsible for dealing with the general administration and operation issues faced by MLS' office.

(xiii) Wage & Finance Committee - This Board committee shall be responsible for dealing with employee wage reviews and providing salary recommendations to the Board. This committee shall consist of the Chairman of the Audit, Budget & Finance Committee, the Financial Secretary, and the Chairman of the Administrative Committee.

ARTICLE X - AMENDMENTS

Section 1. Except for an amendment to Article VIII hereof which may not be amended by the Board, an amendment to the MLS Constitution and By-Laws and Rules and Regulations may be made by a majority of the Board present at any meeting.

Section 2. Except for an amendment to article VIII hereof relating to the transfer and redemption of shares, which requires the vote of 100% of the holders of Class A Common Stock, a majority vote of the holders of Class A Common Stock present or by proxy, at the regular or special meeting of MLS called for that purpose, shall be necessary to pass the proposed amendment or amendments.

ARTICLE XI- CORPORATE SEAL

The corporate seal shall be circular in form and bear the name of the corporation, the year of its organization, and the words "Corporate Seal, New York". The seal may be used by causing it to be impressed directly on the instrument or writing to be sealed or upon adhesive substance affixed thereto. The seal on the certificates for shares, or on any corporate obligation for the payment of money, may be a facsimile, engraved or printed.

ARTICLE XII - INDEMNIFICATION

Section 1. Any officer or director who was or is made a party or is threatened to be made a party to or is involved in any pending, threatened, or completed civil, criminal, administrative, or arbitration action, suit, or proceeding and any appeal therein and any inquiry or investigation in connection therewith or which could lead thereto (a "proceeding", by reason of his or her being or having been a director or officer of MLS or of any predecessor, including, without limitation, any predecessor absorbed by MLS in a consolidation or merger, or by reason of his or her being or having been a director, officer, trustee, employee or agent of any other corporation (domestic or foreign) or of any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise (whether or not for profit), serving as such at the request of MLS or of any such predecessor of the corporation, or the legal representative of any such director or officer, shall be indemnified and held harmless by MLS to the fullest extent permitted by the New York Business Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits MLS to provide broader indemnification rights than the New York Business Corporation Law permitted prior to such amendment), from and against any and all reasonable costs, disbursements and attorney's fees, and any and all amounts paid or incurred in satisfaction of settlements, judgments, fines, excise taxes, and penalties (including those payable under the Employee Retirement Income Security Act of 1974, as amended), incurred or suffered in connection with any such proceeding, and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors, administrators, and assigns, provided however, that MLS shall indemnify any such person seeking indemnification in connection with a proceeding (or part hereof) initiated by such person only if such proceeding (or part thereof) was specifically authorized by the Board of MLS. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of solo contend ere or its equivalent, shall not of itself create a presumption that such-director or officer did not meet the applicable standards of conduct required under the New York Business Corporation Law to be so indemnified.

Section 2. MLS shall indemnify an officer-or director against expenses (including attorney's fees) to the extent that such officer or director has been successful on the merits or otherwise in any proceeding referred to in paragraph (a) hereof or in defense of any claim, issue or matter therein.

Section 3. Any indemnification of a director or officer of MLS under this section (unless ordered by a court) shall be made by MLS unless a determination is made that indemnification of the director or officer is not proper in the circumstances because he or she has not met the applicable standard of conduct or because indemnification would otherwise be prohibited under the New York Business Corporation Law. Any such determination shall be made (i) if requested by the indemnities, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to the indemnities, or (ii) if no request is made by the indemnities, by Independent Counsel, (x) by the Board by majority vote of a quorum consisting of Disinterested Directors, or (y) if a quorum of the Board is not obtainable, or even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to the indemnities, or (iii) by the shareholders of MLS. In the event the determination of entitlement of indemnification is made by Independent Counsel at the request of the indemnities, Independent Counsel shall be selected by the indemnities unless the indemnities shall request that such selection be made by the Board, in which event Independent Counsel shall be selected by the Board. If it is so determined that the indemnities is entitled to indemnification, payment to the indemnities shall be made within 10 days after such determination. In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that the indemnities is entitled to indemnification under this section, and MLS shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

Section 4. The right to indemnification shall be a contract right and shall include the right to be paid by MLS the expenses (including attorney's fees) incurred by any director or officers in connection with any civil, criminal, administrative or investigation action, suit or proceeding in advance of the final disposition of such action as authorized by the Board, provided however, that if the New York Business Corporation Law so requires, the payment of expenses in advance shall be made only upon receipt by MLS of an undertaking, by or on behalf of such directors or officer, to repay all amounts so advanced unless it shall ultimately be determined that such person is entitled to be indemnified under this Section.

Section 5. Any indemnification of a director or officer of MLS or advance of costs, charges or expenses to a director or officer shall be made promptly, and in any event within 30 days, upon the written request of the director or officer. If a determination is made by MLS that the director or officer is entitled to indemnification or advances and MLS fails to respond within 30 days to a written request there for, MLS shall be deemed to have approved such request. If a claim under paragraph (a) is not paid in full by MLS within 30 days after a written request has been received by MLS, including a denial of a written request for indemnification or advances, the claimant may, at any time thereafter, apply to a court for an award of indemnification by MLS for the unpaid amount of the claim, and if successful on the merits or otherwise in connection with any proceeding, or in the defense of any claim, issue, or matter therein, the claimant shall be entitled also to be paid by MLS any and all expenses (including attorney's fees) incurred or suffered in connection with such proceeding. It shall be a defense to any such action (other than an action brought to enforce a claim for advancement of expenses incurred in connection with any proceeding where the required undertaking, if any, had been tendered to MLS) that the claimant

as not met the standard of conduct which makes it permissible under the New York Business Corporation Law for MLS to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on MLS. Neither the failure of MLS (including its Board, Independent Counsel, or its shareholders) to have made a determination prior to the commencement of such proceeding that indemnification of the claimant is proper in the circumstances because he or she made met the applicable standard of conduct set forth in the New York Business Corporation Law, nor an actual determination by MLS (including its Board, its Independent Counsel, or its shareholders) that the claimant has not met such applicable standard of conduct, nor the termination of any proceeding by judgment, order, settlement, or conviction, or upon a plea of no contend ere or its equivalent, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6. The right to indemnification and advancement of expenses provided by or granted pursuant to this article shall not exclude or be exclusive of any other rights to which any person may be entitled under a certificate of incorporation, agreement, vote of shareholders or otherwise; provided that no indemnification shall be made to or on behalf of such person if a judgment or other final adjudication adverse to such person establishes that such person has not met the applicable standard of conduct required to be met under the New York Business Corporation Law.

Section 7. If this article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then MLS shall nevertheless indemnify each director or officer as to costs, charges, and expenses (including attorney's fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative, or investigative, including any action by or in the right of MLS, to the full extent permitted by any applicable portion of this article that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE XIII-EXECUTION OF INSTRUMENTS

All corporate instruments and documents shall be signed or countersigned, executed, verified or acknowledged by such officer or officers or other person or persons as the Board may from time to time designate.

ARTICLE XIV - FISCAL YEAR

The fiscal year of MLS shall begin the first day of January each year.

ARTICLE XV-REFERENCES TO CERTIFICATE OF INCORPORATION

Reference to the Certificate of Incorporation in these Constitution and By-Laws shall include all amendments thereto or changes thereof unless specifically accepted.

**CODE OF ETHICS AND STANDARDS OF PRACTICE
OF BROOKLYN NEW YORK MULTIPLE LISTING SERVICE, INC.**

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III

Code of Ethics and Standards of Practice of the Brooklyn New York Multiple Listing Service, Inc.

Where the word SHAREHOLDER is used in this Code and Preamble it shall be deemed to include SHAREHOLDER-ASSOCIATES.

While the Code of Ethics establishes obligations that may be higher than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law must take precedence.

THE PURPOSE OF MULTIPLE LISTING

Multiple Listing is meant to provide a means for SHAREHOLDERS to give maximum service to the buying and selling public, and through this cooperative effort to serve their community best. The Multiple Listing Service is not itself a selling organization, but instead endeavors to make real estate more readily marketable by establishing a centralized source of market data as well as enabling a cooperative effort in selling which, of necessity, requires SHAREHOLDERS to adhere to publicly announced standards of real estate practice.

A Multiple Listing Service is a means by which authorized SHAREHOLDERS make blanket unilateral offers of cooperation and compensation to other SHAREHOLDERS (acting either as subagents, buyer agents or both) and as a facility for the orderly correlation and dissemination of listing information among the SHAREHOLDERS so that they may better serve their clients and the public.

To serve these ends is the purpose of the Rules and Regulations, which follow. They are designed to guide operating procedures and apply equally to all SHAREHOLDERS.

These Rules and Regulations, including Amendments hereto, are hereby incorporated in the Constitution and By Laws of Brooklyn New York Multiple Listing Service, Inc.

PREAMBLE

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. SHAREHOLDERS should recognize that the interests of our nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose the obligations beyond that of the ordinary commerce. They impose grave social responsibility and a patriotic duty to which SHAREHOLDERS should dedicate themselves, and for which they should be diligent in preparing themselves.

SHAREHOLDERS, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow SHAREHOLDERS a common responsibility for its integrity and honor.

In recognition and appreciation of their clients; customers, the public, and each other, SHAREHOLDERS continuously strive to become and remain informed on issues affecting real estate and as knowledgeable professionals, they willingly share the fruit of their experience and study with others. They identify and take steps, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the public or which might discredit or bring dishonor to the real estate profession. SHAREHOLDERS having direct personal knowledge of conduct that might violate the Code of Ethics involving misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm, bring such matters to the attention of the Board of Directors.

Realizing that cooperation with other real estate professionals promotes the best interest of those who utilize their services, SHAREHOLDERS urge exclusive representation of their clients; do not attempt to gain any unfair advantage over their competitors; and they refrain from making unsolicited comments about other practitioners. In instances where their opinion is sought, or where SHAREHOLDERS believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

The term SHAREHOLDER has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, SHAREHOLDERS can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, "Whatsoever ye would that others should do to you, do ye even so to them."

Accepting this standard as their own, SHAREHOLDERS pledge to observe its spirit in all of their activities and to conduct their business in accordance with the tenets set forth below.

Duties to Clients and Customers

ARTICLE 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, SHAREHOLDERS pledge themselves to protect and promote the interests of their clients. This obligation of absolute fidelity to the client's interest is primary, but it does not relieve SHAREHOLDERS of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, SHAREHOLDERS remain obligated to treat all parties honestly.

Section 1.1. Standard of Practice. SHAREHOLDERS, when acting, as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics.

Section 1.2. Standard of Practice. The duties the Code of Ethics imposes are applicable whether SHAREHOLDERS are acting as agents or in legally recognized non-agency capacities except that duty imposed exclusively on agents by law or regulation shall not be imposed by this Code of Ethics on SHAREHOLDERS acting in non-agency capacities.

As used in this Code of Ethics, "client" means the person(s) or entity(ies) with whom SHAREHOLDER or a SHAREHOLDER'S firm has an agency or legally recognized non- agency relationship customer" means a party to a real estate transaction who receives information, services, or benefits but has no contractual relationship with the SHAREHOLDER or the SHAREHOLDER'S firm; "agent" means a real estate licensee (including brokers and sales associates) acting in an agency relationship as defined by state law or regulation; and "broker" means a real estate licensee (including brokers and sales associates) acting as an agent or in a legally recognized non-agency capacity.

Section 1.3. Standard of Practice. SHAREHOLDERS, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

Section 1.4. Standard of Practice. SHAREHOLDERS, when seeking to become buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the SHAREHOLDER'S services.

Section 1.5. Standard of Practice. SHAREHOLDERS may represent the seller/landlord 'and buyer/tenant in the same transaction only after full disclosure to and with informed consent of both parties.

Section 1.6. Standard of Practice. SHAREHOLDERS shall submit offers and counter- offers objectively and as quickly as possible.

Section 1.7. Standard of Practice. When acting as listing brokers, SHAREHOLDERS shall continue to submit to the seller/landlord all binders until contract or execution of a lease unless the seller/landlord has waived this obligation in writing. SHAREHOLDERS shall not be obligated to continue to market the property after a binder has been accepted by the seller/landlord. SHAREHOLDERS shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease.

Section 1.8. Standard of Practice. SHAREHOLDERS acting as agents or brokers of buyers/tenants shall submit to sellers/landlords all binders until acceptance, but have no obligation to continue to show properties to their clients after a binder has been accepted unless otherwise agreed in writing. SHAREHOLDERS, acting as agents or brokers of buyer/tenants shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated.

Section 1.9. Standard of Practice. The obligation of SHAREHOLDERS to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationship recognized by law. SHAREHOLDERS shall not knowingly, during or following the termination of professional relationships with their clients:

- (1) Reveal confidential information of client.
- (2) Use confidential information of clients to the disadvantage of clients; or
- (3) Use confidential information of clients for the SHAREHOLDERS advantage or the advantage of third parties unless:
 - (a) Clients consent after full disclosure; or
 - (b) SHAREHOLDERS are required by court order, or
 - (c) It is the intention of a client to commit a crime and the information is necessary to prevent the crime; or
 - (d) It is necessary to defend a SHAREHOLDER or the SHAREHOLDER'S employees or associates against an accusation of wrongful conduct.

Section 1.10. Standard of Practice. SHAREHOLDERS shall, consistent with the terms and conditions of their real estate licensure and their property management agreement, completely manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises.

Section 1.11. Standard of Practice. SHAREHOLDERS who are employed to maintain or manage a client's property shall exercise due diligence and make reasonable efforts to protect it against reasonably foreseeable contingencies and losses.

Section 1.12. Standard of Practice When entering into listing contracts, SHAREHOLDERS must advise sellers/landlords of:

- (1) The SHAREHOLDERS general company policies regarding cooperation with and compensation to subagents, buyer/tenant agents and/or brokers acting in legally recognized non-agency capacities;
- (2) The fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyer/tenants; and
- (3) Any potential for listing brokers to act as disclosed dual agents, e.g. buyer/tenant agents.

Section 1.13. Standard of Practice. When entering into buyer/tenant agreements, SHAREHOLDERS must advise potential clients of:

- (1) The SHAREHOLDER'S general company policies regarding cooperation and compensation; and
- (2) Any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g. listing broker, subagent, landlord's agent, etc.

ARTICLE 2

SHAREHOLDERS shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. SHAREHOLDERS shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.

Section 2.1. Standard of Practice. SHAREHOLDERS shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the SHAREHOLDER the obligation of expertise in other professional or technical disciplines.

Section 2.2. Standard of Practice. SHAREHOLDERS shall not be parties to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.

Section 2.3. Standard of Practice Factors defined as "non-material" by law or regulation or which are expressly referenced in law or regulation as not being subject to disclosure are considered not "pertinent" for purpose of Article 2.

ARTICLE 3

SHAREHOLDERS shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker.

Section 3.1. Standard of Practice. SHAREHOLDERS, acting as exclusive agents or brokers of sellers/landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. Terms of compensation, if any shall be ascertained by cooperation

Section 3.2. Standard of Practice. SHAREHOLDERS shall, with respect to offers of compensation to another SHAREHOLDER, timely communicate any change of compensation for cooperative services to the other SHAREHOLDERS prior to the time such SHAREHOLDER produces an offer to purchase/lease the property.

Section 3.3. Standard of Practice. Standard of Practice 3.2 does not preclude the listing broker and cooperating broker from entering into an agreement to change cooperative compensation.

Section 3.4. Standard of Practice. It is the obligation of subagents to promptly disclose all pertinent facts to the principal's agent prior to, as well as, after a purchase or lease agreement is executed.

Section 3.5. Standard of Practice. SHAREHOLDERS shall disclose the existence of an accepted offer to any broker seeking cooperation.

Section 3.6. Standard of Practice. When seeking information from another SHAREHOLDER concerning property under a management or listing agreement, SHAREHOLDERS shall disclose their SHAREHOLDER status and whether their interest is--personal or on behalf of a client and, if on behalf of a client, their representational status.

Section 3.7. Standard of Practice. SHAREHOLDERS shall not misrepresent the availability of access to show or inspect a listed property

ARTICLE 4

SHAREHOLDERS shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, SHAREHOLDERS must reveal their ownership or interest in writing to the purchaser or the purchaser's representatives.

Section 4.1. Standard of Practice. For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by SHAREHOLDERS prior to the signing of any contract.

ARTICLE 5

SHAREHOLDERS shall not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

ARTICLE 6

SHAREHOLDERS shall not accept any commission, rebate, or profit on expenditures made for their client, without the client's knowledge and consent. When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), SHAREHOLDERS shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the SHAREHOLDER or SHAREHOLDER'S firm may receive as a direct result of such recommendation.

Section 6.1. Standard of Practice. SHAREHOLDERS shall not recommend or suggest to a client or a customer the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion.

ARTICLE 7

In a transaction, SHAREHOLDERS shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the SHAREHOLDER'S client or clients.

ARTICLE 8

SHAREHOLDERS shall keep in a special account in an appropriate financial institution, separated from their *own* funds, monies coming into their possession in *trust for* other persons, such as escrows, trust funds clients' monies, and other like items.

ARTICLE 9

SHAREHOLDERS for the protection of all parties, shall assure whenever possible that agreements shall be in writing, and shall be in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party upon their signing or initialing.

Section 9.1. Standard of Practice. For the protection of all parties, SHAREHOLDERS shall use reasonable care to ensure that documents pertaining to the purchase, sale or lease of real estate are kept current through the use of written extensions or amendments.

Duties to the Public

ARTICLE 10

SHAREHOLDERS shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin.

Section 10.1. Standard of Practice. SHAREHOLDERS shall not volunteer information regarding the racial, religious, or ethnic composition of any neighborhood and shall not engage in any activity, which may result in panic selling. SHAREHOLDERS shall not print, display or circulate any statement or advertisement with respect to the selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, or national origin.

Section 10.2. Standard of Practice. As used in Article 10 "real estate employment practices" relates to employees and independent contractors providing real estate related services and the administrative and clerical staff directly supporting those individuals.

ARTICLE 11

The services which SHAREHOLDERS provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate, disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

SHAREHOLDERS shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth.

Section 11.1. Standard of Practice. The obligations of the Code of Ethics shall be supplemented by and construed in a manner consistent with the Uniform Standards of Professional Appraisal Practice ("USP AP") promulgated by the Appraisal Standards Board of the Appraisal Foundation.

The obligations of the Code of Ethics shall not be supplemented by the USP AP where an opinion or recommendation of price or pricing is provided in pursuit of a listing, to assist a potential purchaser in formulating a purchase offer, or to provide a broker's price opinion, whether for a fee or not.

Section 11.2. Standard of Practice. The obligation of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and, where the SHAREHOLDER is an agent or subagent, the obligations of a fiduciary.

Section 11.3. Standard of Practice. When SHAREHOLDERS provide consultative services to clients which involve advice or counsel for a fee (not a commission), such advice shall be rendered in an objective manner and the fee shall not be contingent on the substance of the advice or counsel given. If brokerage or transaction services are to be provided in addition to consultative services, a separate compensation may be paid with prior agreement between the client and SHAREHOLDER.

ARTICLE 12

SHAREHOLDERS shall be careful at all times to present a true picture in their advertising and representation to the public. SHAREHOLDERS shall also ensure that their professional status (e.g., broker, appraiser, property manager, etc.) or status as SHAREHOLDERS is clearly identifiable in any such advertising.

Section 12.1. Standard of Practice. SHAREHOLDERS may use the term "free" and similar terms in their advertising and in other representations provided that all terms governing availability of the offered product or service are clearly disclosed at the same time.

Section 12.2. Standard of Practice. SHAREHOLDERS may represent their services as "free" or without cost even if they expect to receive compensation from a source other than their client provided that the potential for the SHAREHOLDER to obtain a benefit from a third party is clearly disclosed at the same time.

Section 12.3. Standard of Practice. The offering of premiums, prizes, merchandise discounts, or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the SHAREHOLDER making the offer. However, SHAREHOLDERS must exercise care and candor in any such advertising or other public

or private representations *so* that any party interested in receiving or otherwise benefiting from the SHAREHOLDERS offer will have clear, thorough, advance understanding of all the terms and conditions *of* the offer. The offering *of* any inducements *to* do business is subject *to* the limitations and restrictions *of* state law and the ethical obligations established by any applicable Standard of Practice.

Section 12.4. Standard of Practice. SHAREHOLDERS shall not offer for sale/lease or advertise property without authority when acting as listing brokers or as subagents. SHAREHOLDERS shall not quote a price different from that agreed upon with the seller/landlord. .

Section 12.5. Standard of Practice. SHAREHOLDERS shall not advertise nor permit any person employed by or affiliated with them to advertise listed property without disclosing the name of the firm.

Section 12.6. Standard of Practice. SHAREHOLDERS, when advertising unlisted real property for sale/lease in which they have an ownership interest, must disclose their status as both owners/landlords and as SHAREHOLDERS or real estate licensees.

Section 12.7. Standard of Practice. Only SHAREHOLDERS who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have "sold" the property. Prior to closing, a cooperating broker may post a "sold" sign only with the consent of the listing broker.

ARTICLE 13

SHAREHOLDERS shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

ARTICLE 14

If charged with unethical practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, SHAREHOLDERS shall place all pertinent facts before the proper tribunals of the Board and shall take no action to disrupt or obstruct such processes.

Section 14.1. Standard of Practice. SHAREHOLDERS shall not be subject to disciplinary proceedings in more than one Multiple Listing Service with respect to alleged violations of the Code of Ethics relating to the same transaction or event.

Section 14.2. Standard of Practice. SHAREHOLDERS shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics hearing or appeal or in connection with an arbitration hearing or procedural review.

Section 14.3. Standard of Practice. SHAREHOLDERS shall not obstruct the investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander, or defamation against any party to a professional standards proceeding

or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal.

Section 14.4 Standard of Practice. SHAREHOLDERS shall not intentionally impede the investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction,

Duties to Shareholders

ARTICLE 15

SHAREHOLDERS shall not knowingly or recklessly make false or misleading statements about competitors, their businesses, or their business practices.

Section 15.1. Standard of Practice. SHAREHOLDERS shall not knowingly or recklessly file false or unfounded ethics complaints.

ARTICLE 16

SHAREHOLDERS shall not engage in any practice or take any action inconsistent with the agency or other exclusive relationship recognized by law that other SHAREHOLDERS have with clients.

Section 16.1. Standard of Practice. Article 16 is not intended to prohibit aggressive or innovative business practices, which are otherwise ethical and does not prohibit disagreements with other SHAREHOLDERS involving commission, fees, compensation, or other forms of payment or expenses.

Section 16.2. Standard of Practice. Article 16 does not preclude SHAREHOLDERS 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 SHAREHOLDER. 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 standard.

Article 16 is intended to recognize as unethical two basic types of solicitations:

(1) Telephone or personal solicitation 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 other SHAREHOLDERS; and

(2) Mail or other forms of written solicitations of prospective clients whose properties are exclusively listed with another SHAREHOLDER 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 required by Article 3 and Multiple Listing Service rules to be made available to other SHAREHOLDERS under offers of sub agency or cooperation.

Section 16.3. Standard of Practice. Article 16 does not preclude SHAREHOLDERS 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).

Section 16.4. Standard of Practice. SHAREHOLDERS shall not solicit a listing, which is currently listed exclusively with another broker.

Section 16.5. Standard of Practice. SHAREHOLDERS shall not solicit buyer/tenant agreements from buyer/tenants who are subject to exclusive buyer/tenant agreements.

Section 16.6. Standard of Practice. When SHAREHOLDERS are contacted by the client of another SHAREHOLDER regarding the creation of an exclusive relationship to provide the same type of service, and SHAREHOLDERS 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.

Section 16.7. Standard of Practice. The fact that a client has retained a SHAREHOLDER as an agent or in another exclusive relationship in one or more past transactions does not preclude other SHAREHOLDERS from seeking such former client's future business.

Section 16.8. Standard of Practice. The fact that an exclusive agreement had been entered into with a SHAREHOLDER shall not preclude or inhibit any other SHAREHOLDER from entering into a similar agreement after the expiration of the prior agreement.

Section 16.9. Standard of Practice. SHAREHOLDERS, 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.

Section 16.10. Standard of Practice. SHAREHOLDERS, acting as agents of, or in another relationship with, buyers or tenants, shall disclose that relationship to the seller/landlord's agent or broker at first contact and shall provide written confirmation of that disclosure to the seller/landlord's agent or broker not later than execution of a purchase agreement or lease.

Section 16.11. Standard of Practice. On unlisted property, SHAREHOLDERS acting as buyer/tenant agents or brokers shall disclose that relationship to the seller/landlord at first contact for that client and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement.

SHAREHOLDERS shall make any request for anticipated compensation from the seller/landlord at first contact.

Section 16.12. Standard of Practice. SHAREHOLDERS, acting as agents or brokers of sellers/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/

tenants as soon as practicable and shall provide written confirmation *of* such disclosure to buyers/tenants not later than execution of any purchase *or* lease agreement.

Section 16.13. Standard of Practice. All dealings concerning property exclusively listed, or with buyers/tenants who are subject to an exclusive agreement shall 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.

Section 16.14. Standard of Practice. SHAREHOLDERS 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 shall not knowingly obligate them to pay more than one commission except with their informed consent.

Section 16.15. Standard of Practice. In cooperative transactions SHAREHOLDERS shall compensate cooperating SHAREHOLDERS (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other SHAREHOLDERS without prior express knowledge and consent of the cooperating broker.

Section 16.16. Standard of Practice. SHAREHOLDERS, acting as subagents or as buyer/tenant agents or brokers, shall not attempt to extend a listing broker's offer of cooperation and/or compensation to other brokers without the consent of listing broker.

Section 16.17. Standard of Practice. SHAREHOLDERS shall not use information obtained by them from the listing broker, through offers to cooperate received through Multiple Listing Service 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 16.18. Standard of Practice. Signs giving notice of property for sale, rent, lease, or exchange, shall not be placed on property without consent of the seller/landlord.

Section 16.19. Standard of Practice. SHAREHOLDERS, prior to or after terminating their relationship with their current firm, shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude SHAREHOLDERS (principals) from establishing agreements with their associated licensees governing assign ability of exclusive agreements.

ARTICLE 17

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between SHAREHOLDERS associated with different firms, arising out of their relationship as SHAREHOLDERS, the SHAREHOLDERS shall submit the dispute to arbitration rather than litigating the matter.

In the event clients of SHAREHOLDERS wish to arbitrate contractual disputes arising out of real estate transactions, SHAREHOLDERS shall arbitrate those disputes in accordance with the regulations of the Service provided the clients agree to be bound by the decision.

Section 17.1. Standard of Practice. The filing of litigation and refusal to withdraw from it by SHAREHOLDERS in an arbitral matter constitutes a refusal to arbitrate.

Section 17.2. Standard of Practice. Article 17 does not require SHAREHOLDERS to arbitrate. In those circumstances when all parties to the dispute advise the Board in writing that they choose not to arbitrate before the Board.

Section 17.3. Standard of Practice. SHAREHOLDERS, when acting solely as principals in a real estate transaction, are not obligated to arbitrate disputes with other SHAREHOLDERS about a specific written agreement to the contrary.

Section 17.4. Standard of Practice. Specific non-contractual disputes that are subject to arbitration pursuant to Article 17 are:

(1) Where a listing broker has compensated a cooperating broker and another cooperating broker subsequently claims to be the procuring cause of the sale or lease. In such cases the complaint may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction.

(2) Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction.

(3) Where a buyer or tenant representative is compensated by the buyer or tenant and, as a result, the listing broker reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction.

(4) Where two or more listing brokers claim entitlement to compensation pursuant to open listings with a seller or landlord who agrees to participate in arbitration (or who requests arbitration) and who agrees to be bound by the decision. In cases where one of the listing brokers has been compensated by the seller or landlord, the other listing broker, as complainant, may name the first listing broker as respondent and arbitration may proceed between the brokers.

LISTING PROCEDURES

SEC. 1 - All references to the Multiple Listing Service in these Rules and Regulations shall be referred to as "the Service",

SEC. 1 A - All exclusive sales listings, must be taken by Participants on the standard listing form of the Service, and must be submitted to the office of the Service by the Participant within 48 hours (Legal Holidays excluded) of the time of the listing. All activity on such listings is required to be reported to the service, inclusive of price changes, cancellations, extensions, contracts and title closings.

In the event a shareholder holds dual membership' in this and any other MLS, and he/she has obtained an exclusive property listing that is anywhere in Brooklyn he/she will be obliged to submit said exclusive property listing to this MLS

SEC. 1.1 - Any exclusive listings, taken by the Participant and not listed in the Multiple Listing Service shall be reported to the Service by sending a copy of the exclusive listing together with statement signed by the principal whose statement shall contain the principal's request that the said listing not be listed with the Service although the principal has been advised of the advantages of listing his/her property with said Service. The Service reserves the right at any time to verify the seller's statement.

Such listings shall be submitted to the MLS office by the Participant within 48 hours (Legal Holidays excluded) of the time the listing was taken.

All activity on such listings is required to be reported to the service, inclusive of price changes, cancellations, extensions, contracts and title closings applying the same submission guidelines that pertain to MLS listed properties.

In the event a shareholder holds dual membership in this and any other MLS, and he/she has obtained an exclusive property listing that is in Brooklyn, he/she will be obliged to submit said exclusive property listing to this MLS.

SEC. 1.1 A- The Service shall be entitled to the fees hereinafter described at such time as a listing is taken and submitted to the Service.

SEC. 1.1 B- In the event that a second exclusive listing shall be received by the Service on the same property, the Service shall not accept said exclusive listing unless the listing is accompanied by a signed statement from the owner(s) of the property which shall acknowledge that said owner is aware that he/she has signed two (2) exclusive listings and that he/she may be liable for more than one (1) real estate commission.

SEC. 1.2 - A listing when filed in the Service by the listing broker shall be complete in every detail, which is ascertainable as shown on the form including the following.

(1) Name and address and telephone number of owner(s). However, listing broker, at his/her discretion, may include or exclude the seller's telephone number from publication but, must submit seller's telephone number to the service. Listing broker must inform the service, in writing, of required inclusion or exclusion of seller's telephone number on published listing. In case of inquiry from a member of the Board of Directors on call, listing broker must release seller's telephone number

(2) Signatures of all parties, or their authorized agents, whose signatures are required to make a binding contract authorizing sale of the property, including but not limited to husband and wife, joint tenants, tenants in common, copartners, and authorized officers of corporations.

(3) Signature(s) or owner(s) initials indicating owners' understanding of the type of exclusive listing that owner has granted to broker.

SEC. 1.3 - Any reduction or increase to the listed price, shall be made on forms provided by the Service, only when authorized by the owner(s) and shall be submitted to the Service within 24 hours (Legal Holidays excluded) after notice of reduction or increase is received by the listing broker. Any changes or corrections to selling price, commission, listed date, or expiration date, as originally indicated on listing agreement, must be initialed by all parties to the contract.

SEC. 1.4 - Listing may be canceled by the listing broker before expiration date of the listing agreement, on the forms of the Service, provided – a copy of signed agreement with owner(s) authorizing cancellation and giving reason therefore, is submitted to the office of the Service within 24 hours after the receipt of the same by the Participant, and in the event the Broker fails to submit the signed cancellation within 24 hours, it will be considered a violation of these rules.

SEC. 1.5 - In the event a contingent listing, listed by contract vendee, is filed with the Service, such listing shall provide that in the event title is not acquired by such vendee or vendee is unable to convey same, or cause to convey same, and such failure to so acquire title or cause to convey it, is not through the fault of the contract vendee, the listing will thereupon be deemed canceled and of no further force and effect.

SEC. 1.6 - Net listings are not acceptable.

SEC. 1.7- Any listing filed with the Service automatically cancels at the expiration thereof unless extended and notice of extension is filed with the Service prior to cancellation from the Service, provided:

(1) Notice of extension is received prior to publication of expiration from the Service, then such notice of extension need not be published.

(2) Extension of a listing must be filed with the Service only on forms supplied by the Service.

SELLING PROCEDURES

SEC. 2 - Negotiations for purchase of property listed in the Service shall be conducted through the listing broker, except under the following circumstances:

(1) The listing broker gives the selling brokers written authority to negotiate direct.

(2) In the event selling broker has made reasonable efforts (not less than 4 hours, Legal Holidays excluded) anytime between 10 AM and 8 PM to contact the listing broker or his/her representative, in order to present a purchase offer, the selling broker shall adhere to the following procedure:

- (a) Notify the broker on call at their office or the Executive Officer, or
- (b) Prepare and send a letter to MLS and listing broker stating the facts.

In no event shall selling broker contact the owner(s) after 8 PM.

In all cases where the selling broker and the broker on call have been unable to contact the listing broker, any binder taken by the selling broker and executed by the seller(s) must be executed subject to the approval of the seller's attorney.

SEC. 2.1 - Representative of the selling broker has the right to be present when offer is presented by the listing broker to the principal.

SEC. 2.2 - Contracts shall be reported to the Service by the listing broker. Each report of Contract, shall be submitted to the Service within 48 hours (Legal Holidays excluded) after both buyer and seller have signed an agreement for sale.

SEC. 2.3 - The contingency "Subject to approval by Attorney" is permissible.

SEC. 2.4 - Listing broker shall report to the Service within 48 hours (Legal Holidays excluded) the cancellation of any Contract for whatever reason, whether it is for inability to meet financial requirements or default by the seller or purchaser, by a "Report of Cancellation" on the Change of Status form to the Service.

SEC. 2.5 - Upon the owner's written acceptance of a purchase offer that does not stipulate that the property is to remain on the market, it will be left to the owner's discretion to discontinue marketing efforts and either refuse submission of all subsequent purchase offers or review "back-up" offers.

If owner chooses to review "back-up" purchase offers, and subsequently decides to accept a purchase offer thus presented, after owner has already accepted a purchase offer, in writing, the listing broker must advise owner of the possible consequences of accepting this second purchase offer and further advise owner to seek legal counsel prior to signing this second purchase offer.

The selling broker, or his/her sales associates, are not required to disclose the name of the purchaser nor any of the conditions of the offer prior to presentation. Only the owner has the right to review an offer, unless the owner has given written authority and consent to the listing broker. The listing broker, however, may offer professional advice to the seller. .

MLS will publish the selling price when sale has closed.

SEC. 2.6 - Showing Procedure - any Service exclusive listing requiring that the listing Participant make all arrangements with the seller prior to showing the property, must provide the cooperation of the sales staff to carry out his/her instructions. When a broker holds a key, such key must be made available at all times.

(1) In the event selling broker has made reasonable efforts (not less than 4 hours, Legal Holidays excluded) anytime between 10 AM and 8 PM to contact listing broker to arrange for a showing appointment without success, the selling broker shall adhere to the following:

- (a) Notify the broker on call at his/her office or Executive Officer.

In no event shall selling broker contact the owner(s) after 8 PM.

SEC. 2.7-Title closings must be reported to the Service by the listing broker within 48 hours (Legal Holidays excluded) after the closing of title.

REFUSAL TO SELL

SEC. 3 - If the owner of any property listed in the Service refuses to accept a written offer to buy on the terms and conditions stated in the listing, the listing broker, after notice thereof to the selling broker, shall file with the Service, a written statement of the facts relating to the refusal to sell, and a statement of the action he/she proposes to take, if any, to collect his/her commission.

PROHIBITIONS

SEC. 4 - Any listing filed with the Service shall not be made available to any Non-Participant in the service without the consent of the listing broker. (See Section 8B).

SEC. 4.1 - "For Sale" signs of the listing broker only may be placed on the property, the listing of which is filed with the Service.

SEC. 4.2 - No "Sold" sign other than that of the listing broker shall be placed on the property, the listing of which is filed with the Service, except with the written consent of listing broker.

SEC. 4.3 - The fixing or setting of a uniform rate of commission by two or more brokers or by the Multiple Listing Service is prohibited by the MLS Rules and Regulations in accordance with the State Antitrust Laws.

DIVISION OF COMMISSIONS

SEC. 5 - The division of commissions on sale of property shall be determined by the provision of the listing contract as submitted by the listing broker, who shall have the exclusive discretion as to the terms of the division of commission.

SEC. 5.1 - If a Participant deals as a principal in listing or buying property through the Service, he/she shall pay the same fees and commissions on the same basis as if he/she were acting as broker.

SEC. 5.2 - Exchanges of multiple listed properties shall be considered as two (2) separate sales and commission shall be payable on each property on the basis above provided.

SEC. 5.3 - In the event a sale is not completed; any money paid in lieu of commission shall be divided in accordance with the provisions as above stated.

SEC. 5.4 - Properties may be listed with non-members only through the listing broker's office. The listing broker shall be responsible for payment of all fees to the Service where property is listed with or sold by a non-member. Members are specifically prohibited from selling the listing information to nonmembers.

FEES

SEC. 6

(1) The expense and cost of operating the Service shall be borne by processing fees to be charged to the Participants in the manner and amounts as prescribed by the Board of Directors from time to time

(2) There shall be a periodic dues and services charge set by the Board of Directors, which shall apply to each Service Participant.

(3) Fee for a newly established branch office will be one half of the estimated market value of the current purchase price of one share of MLS Corporation stock. (Purchase price to be determined by market value of stock share, based on three most recent purchases). This fee will not be considered as purchasing stock. All other fees are to be the same as principal office.

(4) Transfer Fees can only be waived when stock is transferred to a family member or a business partner of 2 or more years.

LEAVE OF ABSENCE

SEC. 7 - A Participant may receive a leave of absence, upon written request to the Service subject to approval by the Board of Directors, and shall be relieved from paying all fees in connection with the Service, except for an annual fee of 50% of the then charged annual dues payable on January 1st of each year, provided:

(1) Such leave of absence shall be for a period of not less than one (1) year, and not more than three (3) years.

(2) All financial obligations to the Service are paid in full.

(3) Said Participant agrees to waive all rights to participate in all of the services and benefits of the service.

(4) There will be no pro-rata return of any initial service fee paid by the Participant and the annual initial service fee shall be payable on January 1st, following his/her return to active status.

(5) Said Participant pays a pro-rated amount of any listings under the required amount as prescribed by the Board of Directors for the calendar year prior to year in which leave of absence begins.

ETHICS & BETTER BUSINESS PRACTICE

SEC. 8 - The following conduct is unethical and with the discretion of the Grievance Committee, subjects any Participant, after hearing as hereinafter provided, to suspension from the service for a period of time determined by the Grievance Committee or termination of any right to participate in the Service.

(1) Any Ethics violation of the Service.

(2) Making any listing filed with MLS available to any Non Participant (outside broker), without the consent of the listing broker.

(3) Making available to any non-participant any password for access to the BNYMLS

SEC. 8.1 - Charges of unethical conduct may be filed against a Participant by any other Participant, by the Grievance Committee, or by an Officer of the Board.

SEC. 8.2 - A Participant whose right to the Service has been revoked for unethical conduct may not be reinstated except upon payment of a reinstatement fee as determined by the Board of Directors.

SEC. 8.3 - In the event of suspension of the service or revocation of right to participate in the Service, whether for unethical conduct or failure to comply with any decision of the Grievance Committee, or other reason, all listings and any other property of the Service in possession of the Participant shall be returned forthwith to the Service.

RESPONSIBILITY FOR ACTS OF ASSOCIATES

SEC. 8.4 - A Participant is responsible for the acts of his /her salespeople as though the Participant himself/herself performed them. In the event that a licensed real estate broker acts as a salesperson, or has desk space in the Participant's office, such licensed real estate broker shall be considered as a salesperson for the purposes of the Rules and Regulations. They shall apply to such licensed real estate broker equally as they would to a salesperson associated with the Participant. Such broker shall not take any exclusive listing of eligible property in his/her own name, but only in the name of the Participant. The Participant shall be responsible to the Service for the acts of such licensed real estate brokers and for any violation on his/her part of these Rules and Regulations.

SEC. 8.5 - Additional Offices - In the event a Participant or applicant has or acquires, a substantial interest as owner, partner or stockholder, directly or indirectly, in any other real estate office, operating under the same or any other name, and does not intend or require utilization of MLS data at this second location, said Participant, upon notifying MLS of this second non-participating location, will be required to sign an affidavit indicating that he/she will not utilize the services of MLS at this location and will not co-mingle any MLS listing information, printed, via computer, or otherwise.

Penalty for a Participant found to be co-mingling MLS listing data will be equal to the cost of a branch office fee, in addition to any penalty that may be imposed by decision of the Grievance Committee pursuant to a hearing.

SEC. 8.6 - The information provided in the MLS web site is for the exclusive use of the member brokers and agents who are registered with MLS. User names and ID's are for the exclusive use of the registered broker/agent and may not be given to non-MLS personal.

PROCEDURE FOR HEARING OF COMPLAINTS

SEC. 9. There will be a standing committee, known as the Grievance Committee, of at least nine Shareholders in good standing. Not less than three members of the committee shall serve on any grievance review or Professional Standards Panel. The members of the committee shall be appointed by the President, subject to confirmation by the Board of Directors, for staggered three (3) year terms. The committee shall annually select its own Chairperson and Co-Chairperson (or, alternatively, the President shall annually designate the Chairperson and Co-Chairperson of the committee).

It is the purpose of the Grievance Committee to receive and/or initiate complaints that "if taken as true on their face", a hearing is to be warranted. The Grievance Committee makes only such preliminary evaluation as is necessary to make these decisions. While the Grievance Committee has meetings, it does not hold hearings and it does not decide whether members have violated specific codes or rules or regulations. Hearings are held by the Professional Standards Panel.

SEC. 9.1 - All complaints shall be in writing and mailed and/or faxed to the President or Chairperson of the board within fifteen (15) days from the discovery of the violation. The shareholder who files the complaint shall submit an application fee of \$500.00, payable to the Multiple Listing Service, along with the initial complaint.

SEC. 9.2 - Upon receipt of a written complaint, the Chairperson shall mail a copy of the complaint to the shareholder against whom the complaint is filed, who shall have ten (10) days, in which to make a written reply to said complaint.

SEC. 9.3 - Upon receipt of the respondent's answer to the complaint, or upon the expiration of the respondent's time to respond to the complaint, the Chairperson may assign three (3) members of the Grievance Committee to review the complaint and answer and to make any necessary evaluation. The members may, if necessary, gather additional information on the matters complained of, if additional information appears necessary to make a knowledgeable disposition of the complaint.

SEC. 9.4 - If the Grievance Committee dismisses the complaint, the complainant may appeal the dismissal to the Board of Directors within twenty (20) days from receipt of the dismissal notice; however, no additional information may be added or attached to the appeal. If the facts given to the Grievance Committee appear to indicate a possible violation of the Code of Ethics and/or Rules and Regulations of the Multiple Listing Service, the Grievance Committee shall refer the complaint to the Professional Standards Panel, which shall be comprised of no less than three (3) members of the Grievance Committee who have not participated in the investigation process.

SEC. 9.5 - All parties must be furnished at least ten (10) days written notice of a hearing date and must be notified of their right to be represented by counsel. The Professional Standards Panel is authorized to award the complainant the \$500.00 application fee, which shall be imposed against the respondent at the discretion of the panel.

SEC. 9.6 - The Professional Standards Panel shall have twenty (20) days after the date of the hearing to render a written opinion to all parties of their decision and of any fine and/or penalty that may be imposed as a result of said decision.

SEC. 9.7 - Either the complainant or the respondent shall have a right to appeal the decision of the "Professional Standards Panel by filing" a written request for appeal, and submission of an administrative fee of \$100.00 mailed to the President or Chairperson of the Board within twenty (20) days after receipt of the decision of the Professional Standards Panel. Such appeal shall contain written basis for appeal.

SEC. 9.8 - All appeals shall be heard in person by a quorum of the Board of Directors within 30 days of receipt by Multiple Listing Service Chairperson. Written notice of the appeal date shall be forwarded to all parties at least ten (10) days prior to the hearing of any appeal

SEC. 9.9 - The Grievance Committee may, and upon instruction of the Directors must, review the actions of any member when there is reason to believe that the member's conduct may be subject to disciplinary actions, and, if the evidence of unethical conduct and/or violation of the Rules and Regulations warrants a hearing, the Chairperson of the Committee shall prepare a complaint, and designate one of its members to present the case at the subsequent hearing on its behalf as a complainant. However, no member of the Grievance Committee, who has participated in the investigative process, shall serve as a member of the Hearing Panel.

PENALTIES

SEC. 10. The following penalties may be imposed by the Grievance Committee:

(1) For failure to pay any fee within fifteen (15) days of the due date, provided written notice of pending suspension has been made, the service shall be automatically suspended until fees are paid in full.

(2) For willfully failing to file with the Service a listing obtained on the Exclusive Right To Sell . Form of the Service, or a listing obtained on the broker's own Exclusive Contract, for a period of 72 hours, a penalty up to 5% of the price at which the property is listed.

(3) For any violation of the Rules and Regulations where no specific penalty is provided an amount of not less than \$500.00 and not more than \$10,000.00.

(4) The Grievance Committee shall have the discretion in the levying of any fines and/or penalties imposed as a result of the violation of these By-Laws, to direct that whole or any portion of the fine or penalty be given to any member who has been aggrieved by said violation.

(5) Reactivation fee of \$500.00 shall be imposed after suspension from the Service.

SEC. 10.1 -The following penalties may be imposed automatically, without benefit of a grievance hearing.

(1) For failure to submit listing contracts within 48 hours (Saturdays, Sundays and Legal Holidays excluded), the sum of \$500.00.

(2) For failure of listing broker to submit report of sale (Contract or Title Closing), within 24 hours (Saturdays, Sundays and Legal Holidays excluded), the sum of \$500.00.

(3) For failure of selling broker to report within 48 hours (Saturdays, Sundays and Legal Holidays excluded) to the listing broker, the cancellation of sale, the sum of \$500.00 and after five (5) days, an additional penalty of \$50.00 for each calendar day will be imposed until report of cancellation is reported to listing broker.

(4), For failure of the listing broker to report within 48 hours (Saturdays, Sundays and Legal Holidays excluded) to the Service, the cancellation of sale, the sum of \$500.00, and after five (5) days an additional penalty of \$50.00 for each calendar day will be imposed until report of cancellation is reported to the Service. .

(5) For failure to submit an MLS listing contract bearing the signature(s) of owner(s) indicating owners' understanding of the of the type of exclusive listing that owner has granted to broker, the sum of \$500.00.

(6) For failure to submit a properly executed listing contract, which is complete in every detail, the sum of \$500.00, provided two (2) business days has been given participant for compliance.

(7) For failure to submit any changes or corrections to the original listing contract with the initials of all parties to the contract, as required, the sum of \$500.00.

(8) For a violation of Section 8.5, where a Participant is found to be co-mingling MLS listing data, said Participant shall be fined an amount equal to the cost of a branch office fee, in addition to

any penalty that may be imposed by decision of the Grievance Committee pursuant to a hearing.

(9) For failure to submit a properly executed listing submission form which contains all required information, specifically, those fields which are displayed in capital letters, identifying them as required information, the sum of \$500.00, provided two (2) business days (Saturdays, Sundays and Legal Holidays excluded) have been afforded the participant to comply with MLS' request for submission of the designated information.

(10) Broker on-call may, at their discretion, unilaterally fine a member up to \$500.00 for not cooperating with Broker on-call when a complaint has been called in.

(11) Penalty for failure to post a photo within 48 hours of its entry on the MLS website is \$50 per day excluding weekends and holidays.

AMENDMENTS

SEC. 11. An amendment to the Code of Ethics and Standard of Practice may be made by a majority of the Board of Directors present at any meeting.

SEC. 11.1 - Any amendment, whether proposed by the Board of Directors or by petition of the Participants, must be adopted by a majority vote of those present at a regular meeting of the Participants, provided that ten (10) days notice, in writing and/or posted on the BNYMLS web site bulletin board, is given to all Participants of the proposed amendment.

SEC. 11.2 - No amendment shall be effective until at least five (5) days after approval by members.

SEC. 11.3 - All changes or amendments to these Rules and Regulations shall immediately be published in the regular bulletins for the information of all Participants.