

## **Lockbox Security Requirements**

The following are the minimum security measures for the common lockbox system of the Charlottesville Area Association of REALTORS®. In order to have the protection of the Errors and Omissions Insurance Program of the NATIONAL ASSOCIATION OF REALTORS®, the CAAR shall comply with the following security measures:

1. Any key, programmer or other device (hereinafter referred to as “key”) by which a lockbox can be opened shall be nonduplicative. By “nonduplicative” it is meant that the key is necessarily covered by a current patent but that it cannot be readily copied in the manner that other types of keys ordinarily are.
2. Keys must be obtained from the original manufacturer, from a recognized vendor of lockbox systems or from any other legitimate source. Prior to utilizing previously used keys, lids or boxes, information shall be obtained from the original manufacturer to determine whether the key’s pattern, code or configuration is already in use by other Associations, Multiple Listing Services or other users in the vicinity. Surrounding Associations and Multiple Listing Services shall also be contacted to determine whether the key’s pattern, code or configuration is currently in use.
3. Any lockbox system shall be designated as either an activity of an Association of REALTORS® or an Association owned and operated MLS. The lockbox system of Charlottesville is an activity of the Charlottesville Area Association of REALTORS®. As such, every REALTOR® and non-resident member, and every non-principal broker, sales licensee and licensed or certified appraiser affiliated with a REALTOR®, shall be eligible to hold a key subject to their execution of a lease agreement with the Association.

In the case of the non-principal brokers, sales licensees, and licensed or certified appraisers, the lease agreement shall be co-signed by the designated REALTOR® or the office’s broker of record. Lease agreements shall spell out the responsibilities of the parties and shall incorporate by reference any applicable rules or regulations or other governing provisions of the Association that relate to the operation of the lockbox system. The lease agreement shall also provide that keys may not be used under any circumstances by anyone other than the key holder.

Associations may refuse to sell or lease lockbox keys, may terminate existing key lease agreements, and may refuse to activate or reactivate any key when the Association has actual knowledge that the key holder is an individual convicted of a felony or misdemeanor if the crime, in the determination of the Association, relates to the real estate business or puts clients, customers or other real estate professionals at risk.

When the Association has actual knowledge that a lockbox key holder has been arrested for any felony or misdemeanor which, in the determination of the Association, relates to the real estate business or which puts clients, customers or other real estate professionals at risk, the Association may suspend the right of such lockbox key holder to use lockbox keys following that key holder’s arrest and prior to that key holder’s conviction.

Factors that can be considered in making such determinations include, but are not limited to:

- a) the nature and seriousness of the crime
- b) the relationship of the crime to the purposes for limiting lockbox access
- c) the extent to which access (or continued access) might afford opportunities to engage in similar criminal activity
- d) the extent and nature of past criminal activity
- e) time since criminal activity was engaged in
- f) evidence of rehabilitation while incarcerated or following release
- g) evidence of present fitness

Administration of a lockbox system as an activity of an Association of REALTORS®, may at the discretion of the Association, be delegated to its Multiple Listing Service.

No one shall be required to lease a key from the Association except on a voluntary basis.

Key lease agreements may, at the option of the Association, contain a liquidated damages provision to offset some or all of the Association's costs in reestablishing the security of the system if it is determined that the security has been compromised through the negligence or fault of the key holder.

4. Display Keys - Organization may from time to time institute a key audit for the purpose of verifying the security of the lockbox key system. Under routine circumstances the Keyholder shall be given at least 14 days notification; however, an emergency audit may be required with less notification given. In the event the Keyholder fails to present his/her DisplayKEY, DisplayKEY Cradle, or Software on or before the specified date of the audit, Organization may impose a fine and/or assessment to the Keyholder or Broker of no more than \$100. In the event the Keyholder fails to present his/her DisplayKEY, DisplayKEY Cradle, or Software within 30 days after the specified date of the audit, then, in addition to other remedies available to Organization, Organization may impose a fine and/or assessment to the Keyholder or Broker of no more than an additional \$100.

eKeys - Organization may from time to time institute a key audit for the purpose of verifying the security of the lockbox key system. Under routine circumstances the Keyholder shall be given at least 14 days notification; however, an emergency audit may be required with less notification given. In the event the Keyholder fails to present his/her Software on or before the specified date of the audit, Organization may impose a fine and/or assessment to the Keyholder or Broker of no more than \$100. In the event the Keyholder fails to present his/her Software within 30 days after the specified date of the audit, then, in addition to other remedies available to Organization, Organization may impose a fine and/or assessment to the Keyholder or Broker of no more than an additional \$100.

5. Associations shall require a substantial deposit from each key holder in an amount that will establish an awareness of personal liability for such key. The initial deposit shall not be less than \$25 nor more than \$200. Deposits for a first replacement key lost or stolen shall be not less than two (2) times nor more than three (3) times the amount of the

initial deposit and not less than three (3) times nor more than four (4) times the amount of the initial deposit for second or additional replacement keys. Deposits for keys shall be kept in a special account for refund upon return of the key unless forfeited upon loss of the key.

If, at the time of inventory a key is unaccounted for, or if a key holder refuses or is unable to demonstrate that the key is within their physical control, then the key will be considered unaccounted for and any funds on deposit will be forfeited to the Association.

6. Lockboxes may not be placed on a property without written authorization from the seller. This authority may be established in the listing contract or in a separate document created specifically for the purpose.
7. Associations shall charge key holders and their cosignatories with the joint obligation of immediately reporting lost, stolen or otherwise unaccountable keys to the Association. Upon receipt of notice, the Association shall take any steps deemed necessary to resecure the system.
8. Associations shall adopt written, reasonable and appropriate rules and procedures for administration of lockbox systems which may include appropriate fines, not to exceed \$1,000. Any issuing fees, recurring fees, or other administrative costs shall be established at the discretion of the Association and set forth in the rules and procedures. All key holders shall agree, as a condition of the key lease agreement, to be bound by the rules and procedures governing the operation of the lockbox system.

NOTE: The preceding Lockbox Security Requirements are those required of the CAAR as minimum requirements, and do not preclude more rigid measures by the Association at the option of the Board of Directors of the Association.