

The National Association of REALTORS<sup>®</sup>, “The Voice for Real Estate,” is America’s largest trade association, representing more than 1.2 million members involved in all aspects of the residential and commercial real estate industries.

**Remarks Prepared for Ron Phipps  
2009 NAR First Vice President**

**SIMA**

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**Madrid, Spain**

**HOW NAR FIGHTS TO IMPROVE REAL ESTATE**

**Introduction [Title # 1]**

- I am honored to speak with you today about the challenges the U.S. real estate market is facing.
  
- I want to take a moment to tell you about my philosophy.
  - While many of us may not speak the same language, we have more that unites us.
  - In reality we are all people, who share common human experiences.
  - One thing real estate professionals have in common is our understanding that the market is cyclical.
  - This helps us get through these challenging economic times.
  - I don’t sugar coat a situation, but also I speak from the heart.
  - I look forward to turning this over to you, and hearing what you have to say.

**Fighting Spirit [Slide # 2]**

- As many of you know, Madrid is famous for its bull fights.
  - Real estate professionals can identify with the bullfighter since we too have been in the arena fighting for the recovery of housing in the United States.
  - Of course, we never would have stepped into the ring if we didn’t have a fighting spirit.

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- **That’s why REALTORS out last the competition and are successful – we believe in what we are fighting for.**
- **Bullfighters plan ahead and strategize the fight, and so do REALTORS. NAR’s strategy to jumpstart the housing market and advance the U.S. economy includes:**
  - **Advocating to the federal government**
  - **Educating consumers**
  - **Most importantly, helping our members succeed.**

**How are we doing?[Slide # 3]**

- **How are we doing in our fight to turnaround the real estate market?**
  
- **Home sales nationally in the United States are stabilizing.**
  - **Appears to be hitting a bottom.**
  - **Most recent pending home sales data show 3 percent increase.**
  - **Regionally, record-high housing affordability conditions are helping markets recover, with home sales higher than a year ago in most areas of California and Florida.**
  
- **First-time home buyers are returning to the market.**
  - **First-time home buyer tax credit offers strong incentive.**
  - **Many are buying lower cost homes, and using short sales.**
  - **NAR is working to expand tax credit to ALL homebuyers, and extend the time period it is available.**
  
- **These are good signs, but the market is still fragile.**

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- **The national median home price declined in February to \$175,200, down more than 12 percent from one year ago.**
- **That’s roughly the same as the average price in 2003.**
  
- **The reason? Inventory.**
  - **Currently more than 3.7 million homes available for sale in the United States.**
  - **Current sales pace, it would take 9.7 months to sell them all.**
  - **According to our expert economists, inventory needs to get to 7 to 8 months supply before home prices show sign of stabilization.**
  
- **Thankfully, we are getting some help in that area.**
  - **Homebuilders have drastically cut back production.**
  - **New home inventory is at its lowest since July of 2003 and should continue to fall.**
  
- **Second, about 45 percent of all home sales are either foreclosures or short-sales.**
  - **Distressed homes need to be cleared off the market in order for us to have a sustainable recovery.**

#### **Market Challenges [Slide # 4]**

- **Just as a bullfighter sizes up the power and strength of the bull, REALTORS are size up the challenges facing the market. Two critical ones are:**
  - **The financial markets became clogged early last year.**
  - **Many potential homebuyers have been sitting on the sidelines for more than a year.**

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### **Unclogging Financial Markets [Slide # 5]**

- **First, NAR is working with Congress and regulators to make financing more available to potential buyers and help homeowners who need to refinance.**
  - **NAR’s housing stimulus plan pushed Congress to raise the loan limits.**
    - **So financing would be more affordable for consumers in high-cost areas.**
  
- **NAR also met with regulators to encourage them to work directly with lenders.**
  - **Address unreasonable underwriting standards**
  - **Eliminate additional fees that make loans unavailable and unaffordable**
  
- **NAR works closely with the Obama Administration and Fannie Mae and Freddie Mac to ensure financing is available for:**
  - **New buyers**
  - **Homeowners refinancing out of troubled loans**
  
- **In late March, the Administration decided to buy troubled assets from Fannie Mae and Freddie Mac.**
  - **This move helped move interest rates to their lowest levels in 50 years.**
  
- **NAR continues to play an active role in advocating for mortgage lending reform to ensure that the same problems do not happen again in the future.**

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**Bringing Buyers Back [Slide # 6]**

- **Unclogging credit markets is only half of the solution, buyers need to return to market.**
  - **NAR works with federal government to create incentives**
  - **NAR also promotes the value of real estate to consumers.**
  
- **NAR worked with Congress to implement first-time homebuyer tax credit of \$8,000.**
  - **Recently, the Obama administration announced at NAR’s Midyear Meetings that the tax credit will be monetized for first-time home buyers using a Federal Housing Administration loan.**
  - **NAR continues to push for extending the credit and making it available to ALL homebuyers.**
  
- **Encourage the Obama Administration to keep mortgage interest deduction for ALL families.**
  - **Tampering with the MID would impact ALL home prices**
  - **Could discourage some higher-earning consumers from buying a home.**
  - **Working with Congress to make sure it is not part of the final budget this fall.**
  
- **Get the jumbo loan market working properly.**
  - **Jumbo originations have fallen well below 2003 level.**
  - **This has big impact on entire housing market as jumbo loans are 30 percent of the market.**
  - **High Earning Not Rich Yet (HENRY) is the group most affected.**

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- They will purchase higher-priced homes, but will need a jumbo loan.
- They see the excessively high jumbo rates as unfair.
- They won’t jump into the market.
- NAR’s solutions include:
  - Encourage lender competition
  - Raise or suspend loan limits
  - Federal Reserve buy jumbo loans via TALF
- Streamline short sale process
  - Currently, short sales take so long, buyers walk away.
  - Recently, the Obama Administration announced plans to improve the process by adopting uniform standards and incentivizing lenders.

### **Consumer Outreach[Slide # 7]**

- NAR also created a multi-faceted PR and educational campaign to explain to consumers why this could be the best time to buy a home in more than 50 years.
  - In February, we revised our national Public Awareness Campaign ads to focus on:
    - Affordable home prices
    - New homebuyer tax credit
- NAR also launched a brand new weekly radio show, Real Estate Today.
  - Give consumers the information they need to take the fear out of buying a home in the current environment.
  - To listen to show, go to [www.retradio.com](http://www.retradio.com)

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### **Member Outreach [Slide # 8]**

- **NAR works with the federal government and we work to educate consumers, but our most important audience is our members.**
  - **REALTORS have been hurt by the clogged credit market, and buyers staying home.**
  - **We did experience about a 10 percent decline in NAR membership last year.**
  - **However, NAR members are not leaving the business as quickly as other practitioners.**
  - **Personally, I attribute that to the fact that REALTORS have more resources to help them succeed than non-members, and we have each other.**

### ***Right Tools, Right Now***

- **In March, we launched a new initiative called Right Tools, Right Now.**
  - **Help our members increase business in the current environment**
  - **Ease their financial strain.**
  
- **NAR is offering 300 resources at no additional cost to REALTORS.**
  - **Valuable educational tools and publications**
  - **Conventions and events**
  - **Technology services**
  - **Research**
  - **Resources for state and local boards.**
  
- **Products and services are available on our web site – [realtor.org/RightTools](http://realtor.org/RightTools).**

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- **Will continue to add resources throughout the year.**
  
- **So far, the response from our REALTORS has been overwhelmingly positive.**

**What does all of this mean?[Slide # 9]**

- **With REALTORS’ successful efforts with the federal government, consumers and our members, I can confidently say that now is a great time to buy in United States.**
  - **Affordability is at its highest level since NAR began tracking it nearly 40 years ago.**
  - **Interest rates are at lowest levels in 50 years.**
  - **High inventory mean greater choice, and in desirable locations for a foreign audience such as Florida and California.**

**Conclusion [Slide # 10]**

- **The famous Spanish bullfighter Eduardo Dávila Miura once said, “The aim is to read the animal’s character; there are different types of bulls and you have to fight in a different way with each one.”**
  - **REALTORS, too, have read this market’s character, and we know there are different types of markets.**
  - **This has been very challenging market, and it has required that we fight in a very different way.**

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- **That is why we have worked aggressively with the federal government to implement public policies favorable to real estate.**
  - **We also sought new and innovate ways to educate consumers about the benefits of real estate.**
  - **Most importantly, we have focused on helping our members with the best tools and resources so they can succeed in the business.**
  
- **I also know Madrid is working hard to be known for something new -- as a Summer Olympic host city in 2016.**
  - **Chicago, where NAR’s headquarters are located, is also bidding to host the 2016 Summer Games.**
  - **May the best city win, and keep the friendly fighting spirit of competition alive.**
  
- **Thank you for inviting me to speak with you today.**
  - **I hope to see all of you at our Conference in San Diego this November!**
  
- **Now I would like to hear what is on your minds.**