

# 2004

## NAR ANNUAL REPORT



NATIONAL ASSOCIATION OF REALTORS®

*The Voice for Real Estate®*

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## NATIONAL ASSOCIATION OF REALTORS® 2004 Annual Report

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## Letter From the President

Dear REALTOR®:

2004 was a year characterized by numbers. NATIONAL ASSOCIATION OF REALTORS® membership topped 1 million for the first time; RPAC broke participation records—40 percent of the entire membership contributed; NAR realized wins in 97 percent of the Congressional races it supported; the REALTORS® Conference & Expo was the best-attended convention in 25 years, and home sales set yet another record.

But there was an even more important story—one that went beyond simple numbers: You proved once again how generous you are. In 2004, you and your state and local associations donated thousands of dollars to disaster relief in response to tornadoes and hurricanes in the South, Southeast, and Midwest. Your generosity has continued into 2005, with more than \$500,000 donated as of Jan. 25 for the REALTOR® Tsunami Relief Project. Those funds will help fund Habitat for Humanity International's rebuilding efforts following the devastating Dec. 26 tsunami.

As these stories of giving attest, you're proactive people who've also helped propel existing-homes sales to a fourth consecutive annual record: 6,675,000, up 9.4 percent from 6,100,000 in 2003. This is no small feat in a year in which U.S. employers' seemed reluctant to create new jobs until voters made their decision in the Nov. 2 presidential election.

Healthy home sales also have had a positive spin-off effect on the American economy as a whole. An important study NAR commissioned in 2004 found that over time, consumers spend housing wealth more quickly than stock wealth. That means homeowners are more confident in gains in housing wealth than those in stock wealth.

The association had a fruitful year legislatively, too. We succeeded in getting the U.S. Department of Housing and Urban Development to withdraw its proposed rule reforming the Real Estate Settlement Procedures Act (RESPA) because of the rule's potentially onerous impact on our industry and on consumers. We support reforms that would maintain a level playing field for service providers and put consumers first. And we successfully obtained another temporary year-long ban that keeps the U.S. Department of Treasury from finalizing its rule to allow national banks to enter real estate brokerage and management. We'll continue to advocate for a permanent ban until we reach that important goal.

A key theme for the association has always been helping you maintain your role as the first point of contact in the transaction. To that end, NAR's Board of Directors and Delegate Body in November passed a constitutional amendment to exclude those who exclusively engage in mortgage finance from being able to call themselves a REALTOR®. Mortgage professionals can still join as affiliate members. NAR also approved development of a REALTOR®-centric transaction platform to ensure that, as transactions move online, you'll continue to be the pivotal player.

In fall 2004, we opened a new NAR home in Washington, D.C.—an environmentally advanced building with a breathtaking view of the U.S. Capitol. The building will be the first newly constructed building in the District of Columbia to meet "green" standards, which benefit the environment and keep energy costs down.

One of the most important accomplishments of the year—one that directly affects all of us—was the unanimous ruling by a panel of U.S. Trademark Trial and Appeal judges that the terms REALTOR® and REALTORS® are *not* generic. In the ruling, the judges denied the petition of a former hotel management student who had registered nearly 2,000 domain names containing the word REALTOR® in hopes of selling them. The decision puts to rest any question about NAR's exclusive rights to these valuable terms, which convey not only your membership status but your adherence to our professional Code of Ethics.



There were numerous other accomplishments, which I urge you to read about in our 2004 Annual Report presentation here. The online report's index allows you to easily navigate to topics of interest to you.

The intent of all our activities in 2004 was to increase the value of membership in NAR. That's no easy task, and success would have been impossible without the leadership of NAR Executive Vice President and CEO Terry McDermott, who will retire from NAR in 2005. I'm grateful for Terry's vision, his leadership, and his commitment to keeping your best interests at heart.

That vision and commitment are apparent among the volunteers who serve on our national committees and the highly capable executives and staff who run our state and local associations as well. I thank all of you—especially our 2004 Leadership Team, including Al Mansell and my vice presidents, Thomas M. Stevens, Pat G. Kaplan, and Larry Von Feldt—for making 2004 a year during which so many positive, productive things happened. The outstanding work we did was critically important to the success of the REALTOR® association, ensuring that the association's focus was on things that truly mattered to you.

A handwritten signature in black ink that reads "Walt McDonald".

Walt McDonald

2004 NAR President



NATIONAL ASSOCIATION  
OF REALTORS®

*The Voice for Real Estate®*

# 2004 Annual Report

## About the NAR

The NATIONAL ASSOCIATION OF REALTORS® is the premier professional organization for real estate practitioners and the “Voice for Real Estate.” Members of NAR are licensed to practice real estate in the 50 states and Washington, D.C., as well as the territories of Guam, Puerto Rico, and the U.S. Virgin Islands. Membership in December 2004 reached the all-time high of 1,102,250, solidifying NAR’s position as the largest professional association and the largest group of small business owners in the country. By joining NAR, real estate licensees pledge to conduct their business according to the association’s strict Code of Ethics and Standards of Practice. NAR, therefore, stands as a beacon of professionalism for the real estate industry.



## Leadership for 2004

### NAR LEADERSHIP TEAM

<b>President</b>	Walt McDonald
<b>President-elect</b>	Al Mansell, CRB, GRI
<b>First Vice President</b>	Thomas M. Stevens, CRB, CRS®, GRI
<b>Treasurer</b>	Michael Brodie, ABR®, CRB, CRS®, e-PRO, GRI
<b>Vice President &amp; Liaison to Committees</b>	Pat G. Kaplan, CIPS, CRB, e-PRO, GRI
<b>Vice President &amp; Liaison to Government Affairs</b>	Larry Von Feldt, CRB, GRI

### REGIONAL VICE PRESIDENTS

Richard C. Dils, Shelburne Falls, Mass.

**Region 1 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)**

Janice C. Smarto, Greensburg, Pa.

**Region 2 (New Jersey, New York, Pennsylvania)**

Jack F. Torza, Mechanicsville, Va.

**Region 3 (Delaware, Maryland, Virginia, Washington, D.C., West Virginia)**

Robert A. Galiano, Sumter, S.C.

**Region 4 (Kentucky, North Carolina, South Carolina, Tennessee)**

Jerry G. Brewer, Senatobia, Miss.

**Region 5 (Alabama, Florida, Georgia, Mississippi, Puerto Rico, Virgin Islands)**

Terry Hankner, Cincinnati

**Region 6 (Michigan, Ohio)**

Joseph C. Traynor, Indianapolis

**Region 7 (Illinois, Indiana, Wisconsin)**

Ann Cichy, Fargo, N.D.

**Region 8 (Iowa, Minnesota, Nebraska, North Dakota, South Dakota)**

Margaret M. Barton, Ada, Okla.

**Region 9 (Arkansas, Kansas, Missouri, Oklahoma)**

Louise E. Hull, Victoria, Texas

**Region 10 (Louisiana, Texas)**

John B. Harr, Jr., Pleasant Grove, Utah

**Region 11 (Arizona, Colorado, Nevada, New Mexico, Utah, Wyoming)**



Gary D. Wright, Marysville, Wash.  
**Region 12 (Alaska, Idaho, Montana, Oregon, Washington)**

Gary Thomas, Aliso Viejo, Calif.  
**Region 13 (California, Guam, Hawaii)**

## **NAR SENIOR STAFF**

**Terrence M. McDermott**, Executive Vice President and CEO

**Jerry Giovaniello**, Senior Vice President, Government Affairs

**Bob Goldberg**, Senior Vice President, Marketing & Business Development

**Doug Hinderer**, Senior Vice President, Human Resources, Office & Mail Services

**Laurie Janik**, General Counsel

**David Lereah**, Senior Vice President & Chief Economist

**Frank J. Sibley**, Senior Vice President, Communications

**Dale Stinton**, Chief Financial Officer and Chief Information Officer

**Nancy Wilson Smith**, Senior Vice President, Leadership Programs & Planning

## **NAR VICE PRESIDENTS**

**Myron Adams**, ITS

**Gar Anderson**, AE & Leadership Development

**Janet Branton**, Business Specialties

**Stephen Cook**, Public Affairs

**Pamela Geurds Kabati**, Publications

**Sue Gourley**, Convention

**Mark Lesswing**, Center for REALTOR® Technology

**Miriam Lowe**, International Operations

**Cliff Niersbach**, Board Policy & Programs

**Ellen Roche**, Research

**Mary Stark-Hood**, Member Benefits, Strategic Alliance, Marketing Research

**Walt Witek**, Government Affairs



## NAR-AFFILIATED INSTITUTES, SOCIETIES, AND COUNCILS

### [CCIM Institute](#)

The CCIM Institute is the governing body of the world's largest commercial real estate network, with 16,000 members in North America, Asia, and Europe. Through its CCIM education program, the Institute confers the Certified Commercial Investment Member (CCIM) designation to qualified commercial real estate and allied professionals. Additionally, the Institute offers technology products and business resources that impact and influence the way its members do business. In 2004, CCIM launched CCIM Partners, a formal business network for CCIM designees.

### [Council of Real Estate Brokerage Managers \(CRB\)](#)

The Council of Real Estate Brokerage Managers, an NAR affiliate, provides member benefits to enhance the productivity and profitability of its nearly 7,000 members worldwide. Since 1968, the Council has awarded the prestigious Certified Real Estate Brokerage Manager (CRB) designation to REALTORS® who meet specific requirements and have completed advanced professional training. CRB members consistently increase their level of industry knowledge, advance their earning and career potential, increase their company's productivity, and benefit from active involvement in a network of real estate professionals.

### [Council of Residential Specialists \(CRS®\)](#)

The Council of Residential Specialists is the largest not-for-profit affiliate of NAR. It's composed of more than 42,000 members. Of these, more than 36,000 have earned the Certified Residential Specialist (CRS®) designation. The Council was created to attract and retain those REALTORS® seeking the knowledge, tools, and relationship-building opportunities needed to maximize their income and professionalism in residential real estate.

### [Counselors of Real Estate \(CRE®\)](#)

The Counselors of Real Estate (CRE®) is a professional membership organization established in 1953 for real property advisers. Membership in the organization is awarded by invitation only; 1,100 people currently hold the CRE® designation. The organization advances, enhances, and supports its members by serving as a resource for information, by creating opportunities for professional development, by facilitating knowledge sharing, and by sustaining an environment of community and collegiality.

### [Institute of Real Estate Management \(IREM\)](#)

The Institute of Real Estate Management has been real estate management professionals' source for advocacy, education, resources, information, and membership for more than 70 years. IREM is the only professional real estate management association serving both the multifamily and commercial real estate sectors. It has 82 U.S. chapters, seven international chapters, and several other partnerships around the globe.

There are nearly 16,000 individual members and 530 corporate members. IREM promotes ethical real estate management practices through its credentialed membership programs, including the Certified Property Manager® (CPM®) designation, the Accredited Residential Manager® (ARM®) certification, and the Accredited



Management Organization® (AMO®) accreditation. These designations certify management practitioners' competence and professionalism. In addition, IREM offers associate membership status.

### Real Estate Buyer's Agent Council (REBAC)

The Real Estate Buyer's Agent Council (REBAC) was founded in 1988 to promote buyer representation skills and services. REBAC is NAR's largest designation organization with more than 47,000 active members. This represents a seven-fold increase since REBAC joined the REALTOR® family in 1996. Member benefits are a vital part of REBAC's mission, but education is at the core of its growth. REBAC offers a curriculum of courses, culminating in the Accredited Buyer Representative (ABR®) and Accredited Buyer Representative Manager (ABRM®) designations.

### REALTORS® Land Institute (RLI)

The REALTORS® Land Institute (RLI), established in 1944, is an NAR-affiliate organization of land specialists. It's dedicated to the advancement of this specialty and the education of its members. An important element of both of these missions is the Accredited Land Consultant (ALC) designation. Awarded to RLI members who have met educational and experience requirements, the ALC designation is recognized as the mark of expertise in land transactions. RLI services its membership through benefits, such as listing and networking tools. RLI and its membership also are active politically, creating a strong voice for land use and other important issues.

### Society of Industrial and Office REALTORS® (SIOR)

The Society of Industrial and Office REALTORS® (SIOR) is a global professional organization that certifies commercial real estate service providers with the exclusive SIOR (specialist, industrial and office real estate) designation, based on achievement, knowledge, accountability, and ethical standards. Only the industry's top industrial and office professionals qualify for SIOR. Today, there are 2,800 members in 480 markets in 20 countries.

### Women's Council of REALTORS® (WCR)

The Women's Council of REALTORS® represents more than 15,000 real estate professionals. In 2003, WCR launched a new REALTOR® designation, the Performance Management Network. The professional training courses required for the designation dig deep into the hot topics that are shaping the real estate industry, such as effective negotiating, conflict and change management, and networking to generate referrals. WCR has an established network of 260 chapters, with volunteer managers trained to position WCR members as a business resource in their REALTOR® communities.



## NAR's Core Purpose and Principles

NAR operates with a core purpose of being the business and public policy advocate for REALTORS®. NAR leaders articulate this purpose based on the organization's core values:

- The right to own, use, and transfer real property
- Private enterprise, free market, and collective action
- The highest standard of professional ethics, conduct, and business practices

### NAR's Objectives

NAR strives to be the collective force influencing and shaping the real estate industry. It seeks to be the leading advocate of the right to own, use, and transfer real property; the acknowledged leader in developing standards for efficient, effective, and ethical real estate business practices; and valued by highly skilled real estate professionals as crucial to their success. NAR seeks to keep the REALTOR® as the first point of contact and central to the transaction.

### 2004 Strategic Plan for 2005

#### 1. Transaction

- **Strategic Objective:** NAR will change its focus and scope to embrace and advocate for expanding the REALTOR® role in managing the entire transaction.
- **Initiative:** Develop language that communicates in transactional, rather than in brokerage, terms.

#### 2. Packaging

- **Strategic Objective:** NAR will support member efforts to offer packages of services to consumers for their complete real estate-related needs.
- **Initiative:** In 2005, develop a white paper to support development of real estate-related business models that enhance the first point of contact and member profitability.

#### 3. Specialty Services

- **Strategic Objective:** NAR will recognize the value of existing and new specialty groups and will provide each NAR member with appropriate products and services.
- **Initiatives:** 1) Each member will be able to access services from NAR specific to their specialties and 2) NAR's structure will be appropriate for providing services to specialty groups.

#### 4. Data Security

- **Strategic Objective:** NAR will lead the real estate industry in protecting member data, transaction data, and an efficient marketplace.
- **Initiative:** Support the work product of the Data Security Work Group.

#### 5. Political/Regulatory/Legislative/Judicial

- **Strategic Objective:** NAR will be the strongest and most effective advocacy group relating to property rights and real estate issues in the political, regulatory, legislative, and judicial arenas.
- **Initiative:** Evaluate existing political, regulatory, legislative, and judicial policies, programs, and processes on an ongoing basis to improve NAR's effectiveness.



## 6. Diversity

- **Strategic Objective:** NAR will strengthen its role in fostering property ownership and association involvement within diverse market niches, such as single-parent households, ethnic minorities, and seniors.
- **Initiatives:** 1) Serve as a clearinghouse for information on diverse market niches and recruiting diverse salespeople, and 2) Enhance leadership and involvement opportunities in NAR by a leadership-development program.

For more about NAR and its history, go to the [About NAR](#) page at REALTOR.org.



## The Benefits of Membership

### Advocacy of Issues Important to Your Business and Your Industry

NAR's Government Affairs Division and Regulatory and Industry Relations Department advocate for the preservation, protection, and promotion of the free enterprise system and the right to own real property. NAR provides a platform for advocacy on behalf of REALTORS® and the public through its legislative and regulatory policies, political and grassroots programs, and field staff. Major governmental and regulatory accomplishments for 2004 include:

- **RESPA Reform.** NAR successfully urged the U.S. Department of Housing and Urban Development to withdraw its proposed rule reforming the Real Estate Settlement Procedures Act (RESPA) because of its onerous impact to the real estate industry. HUD remains committed to reforming RESPA, a 30-year-old law that was created to protect consumers in the settlement of loans. NAR supports reforms that would keep a level playing field for service providers and put consumers first.
- **Banks in Real Estate.** NAR-supported legislation (H.R.111/S.98) was reintroduced in the 108th Congress and contains broad co-sponsorship support in the House and Senate. NAR secured another one-year prohibition, preventing the Department of Treasury from finalizing its rule that would allow banks to offer real estate brokerage and management services. This provision is included in the House Transportation/Treasury Appropriations bill. The Senate appropriation version includes a provision permanently barring banks from engaging in real estate. The two versions of these bills will need to be unified before final passage of a permanent solution.
- **Do-Not-Fax.** NAR secured an extension of the do-not-fax rules from Dec. 31, 2004, to June 30, 2005, pending clarification of Federal Communications Commission rules prohibiting the sending of unsolicited advertisements. Until June 30, 2005, practitioners can continue to send faxes, without prior written consent, to those with whom they have established business relationships. NAR is pursuing legislation (H.R.4600/S.2603) to rectify problems created by the FCC's do-not-fax rules.
- **Farm Credit Rules Regarding Real Estate Management.** NAR successfully urged the Farm Credit Administration to deny the application of a Farm Credit System financial institution to provide farm management services. Such an allowance would have permitted rural banking institutions to engage in traditional real estate activities, such as farm, ranch, and residential sales and property management services.
- **Leasehold Improvement.** NAR-backed legislation (H.R.4520), signed into law Oct. 22, 2004, includes a temporary two-year provision that reduces the recovery period for leasehold improvements from 39 years to 15 years.
- **Flood Insurance.** NAR-backed legislation (S.2238), signed into law June 30, 2004, reauthorizes the National Flood Insurance Program through 2008. It also establishes a pilot program to increase flood insurance premiums for owners of properties that repeatedly flood who refuse government offers of mitigation assistance and directs FEMA and insurance companies to provide flood insurance policyholders with better information about the details of their policies.
- **Flood Map Funding.** NAR-backed legislation (S.2537), signed into law Oct. 18, 2004, provides \$200 million to the Federal Emergency Management Agency to improve and upgrade flood maps to benefit real estate transactions.
- **Multifamily Housing.** NAR-backed legislation (S.2712), signed into law Aug. 9, 2004, expanded the Federal Housing Administration's multifamily loan guarantee authority from \$25 billion to \$29 billion to enable Congress to keep critical housing programs operational during FY2004.



- **RPAC. The REALTORS® Political Action Committee** raised more than \$5.4 million in 2004, surpassing the year's fund-raising goal of \$4.4 million. The RPAC participation rate for 2004 was 41 percent, with more than 400,000 members donating to RPAC. Also, NAR grew membership in its direct giver fund-raising program, the President's Circle, from 70 members in 2003 to 160 in 2004. President's Circle members provided direct contributions of \$457,000 to REALTOR® Party candidates and national party committees, such as U.S. Sen. Richard Shelby (R-Ala.), U.S. Rep. Johnny Isakson (R-Ga.), U.S. Rep. Anne Northup (R-Ky.), the Democratic Congressional Campaign Committee (DCCC), the National Republican Congressional Committee (NRCC), the Democratic Senatorial Campaign Committee (DSCC), and the National Republican Senatorial Committee (NRSC).

RPAC supported a total of 439 candidates for the U.S. House of Representatives and Senate this past cycle, 426 of whom won their races, giving RPAC a 97 percent winning record. Overall, 398 of the 407 RPAC-supported candidates in House races won their seats. On the Senate side, 28 of the 32 NAR-supported candidates were elected.

- **REALTOR® Party Candidates for Congress.** NAR spent approximately \$1.4 million to fund and successfully manage 31 Opportunity Race programs (NAR's Get-Out-the-Vote campaign) nationwide. Of the 24 general election Opportunity Races, among the most competitive in the nation, NAR-backed candidates won 21. In addition, RPAC spent another \$2.8 million in Independent Expenditures, using direct mail, radio, and TV advertising to support six successful candidates for Congress.
- **Public Issue Advocacy Program.** NAR's Public Advocacy program spent \$4.9 million of a \$5.2 million 2004 budget expenditure on initiatives to generate public support for the Senate campaigns of U.S. Reps. Johnny Isakson (R-Ga.) and Richard Burr (R-N.C.) and for the House campaigns of U.S. Reps. Jim Costa (D-Calif.), Rick Renzi (R-Ariz.), and Anne Northup (R-Ky.). The initiatives included direct-mail appeals, television and radio advertisements, print advertising, and e-mail communications, complementing NAR's RPAC Independent Expenditures and Opportunity Race programs.
- **Issues Mobilization Program.** In 2004, NAR provided \$225,000 in assistance to eight state and local REALTOR® associations to support their communications and other activities regarding important issues such as impact fees, property taxes, and quality of life matters.

## Products and Services

NAR carefully safeguards the REALTOR® brand, as well as all the brands housed within the REALTOR® organization. In 2004, NAR continued to leverage its brand name with major corporations, which offered members even more products and services at special savings.

### REALTOR VIP® Alliance Program

NAR's member benefits program provides members with discounts or valuable added benefits from major national corporations. In 2004, NAR added new partners, including Entertainment Publications, Lexmark, and National Interbank, and entered extended-term partnerships with American Home Shield, eNeighborhoods, Federal Express, and Nextel.

Hundreds of thousands of NAR members are taking advantage of REALTOR VIP® Alliance Program offerings. The savings can add up, often to many times more than the annual NAR dues payment of \$64. In addition, the program generates more than \$3 million in non-dues revenue annually—money that's used by NAR to cover new or expand existing programs.



## REALTOR® University

NAR's online education portal continued to experience consistent growth throughout 2004: Year-to-date revenue is 26 percent higher than last year at this time. As the exclusive provider of online courses leading to the Accredited Buyer Representative (ABR®), Accredited Buyer Representative Manager (ABRM®), and the Certified International Property Specialist (CIPS) designations, REALTOR® University leads the industry in online real estate education. More than 7,000 real estate practitioners have taken advantage of online education available through REALTOR® University since its debut in 2002. REALTOR® University offers online courses ranging from listing and sales to managing change to association management. In addition, it offers local REALTOR® boards and associations the opportunity to earn non-dues revenue by providing quality online education to their members via the REALTOR® University Affiliate Program. Currently, there are 38 participants in the affiliate program.

## e-PRO

The e-PRO certification program, which teaches NAR members how to incorporate the latest Internet technology into their business, develop an Internet marketing plan, and create online and e-mail marketing strategies, is the fastest-growing certification program within NAR. Continuing education credits for e-PRO are now available in 21 states, including Arizona, California, Colorado, Georgia, Idaho, Illinois, Iowa, Michigan, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Dakota, Tennessee, Texas, Vermont, Washington, and Wyoming.

## **Knowledge Management**

Through its publications and Web sites, including REALTOR.org, REALTOR® Magazine, and REALTOR® Magazine Online, NAR delivers and interprets information that helps members run their businesses more knowledgeably and effectively. And NAR partner Homestore.com helps REALTORS® market their services and listings to millions of Web-surfing prospects via REALTOR.com. Following are the NAR publications and Web sites that can help you become more successful in your real estate career.

### REALTOR.org

In 2004, NAR moved headlong into an ambitious redesign of REALTOR.org, the association's official Web site for members, with a goal of making the site more user-friendly in its design and information organization. The redesign remains ongoing, but several key improvements were achieved in the last year. Among them are: a better search function at the site powered by Google, the gold standard in Internet search; a new home page design that features special information for the site's various audience groups, including key business tools for each group; new second-level topic pages that are better organized and easier to navigate; and easier access from anywhere in the site to special member savings opportunities.

REALTOR.org also introduced a new monthly e-newsletter in January 2004, *REALTOR.org Essentials*, to help REALTORS® stay in touch with the latest and most useful information at the site. In addition, the site played a key role in promoting the Quadrennial Code of Ethics Training, offering NAR members an easy way to fulfill their ethics-training requirement.

### REALTOR.com

NAR's national listing and marketing Web site, REALTOR.com, continues to dominate all Internet real estate property listings and consumer traffic categories. Throughout 2004, property listings remained constant at more than 2.3 million, with an average of 5 million to 6 million, unique visitors per month. Total visitors averaged



more than 12 million per month, and views per listing skyrocketed in 2004 to an average of more than 600 per month. The continued increase in all Internet traffic metrics can be attributed to the strong continued support of REALTOR® organizations across the country—99 percent of all national MLSs participate.

Under the leadership of Homestore CEO Mike Long and REALTOR.com President Allan Dalton, Homestore's relationship with NAR is as strong as it's ever been.

To drive more consumer traffic to NAR members' listings, Homestore spent millions of dollars on portal agreements, including an agreement with AOL, the nation's largest Internet service provider, and with Microsoft Corp. The latter makes REALTOR.com the exclusive provider of integrated home listings and REALTOR® directory content to the House & Home channel on the MSN network.

In 2005, REALTOR.com will launch a new "Find a REALTOR®" functionality that will enable consumers to more easily find a REALTOR® to assist them with their transaction, while providing NAR members with enhanced opportunities to market themselves better to consumers. All 1 million-plus NAR members will be listed in this directory free of charge. Additional marketing opportunities will be available to members who choose to upgrade their "Find a REALTOR®" listing.

### **REALTOR® Magazine and [REALTOR® Magazine Online](#)**

REALTOR® Magazine, published 12 times per year, is NAR's official magazine and continues to serve as the industry's publication of record and essential "business tool for real estate professionals." In 2004, the magazine continued its high-profile annual features (The List Issue, "30 Under 30," "Top 100 Companies in Real Estate," the Good Neighbor Awards, and the "Cost vs. Value Report") while also covering exciting new topics about the state of the industry ("How Real Is That Lead?" "Love That House!" and "What Consumers Really Want.")

The magazine's online counterpart, REALTOR® Magazine Online, features thousands of pages of online-exclusive business resources and tools, including online feature articles; expert columnists, covering architecture, technology, and sales; daily and weekly industry news updates; a business tips e-newsletter; and archived articles from the print and online publications dating from 1996. New resources added in 2004 include Handouts for Consumers—en Espanol, a new "For Rookies" section, a resource page for "Servicing Your Multicultural Clients," and the "Your Health" portal for health information and articles, such as from NAR publications, reliable federal sources, and national nonprofit health organizations.

As they do at every national convention, the print and online staff provided attendees at the November REALTORS® Conference & Expo in Orlando, Fla., with daily updates of convention activities and sessions through the REALTOR® Magazine Online e-mail news service and the REALTOR® Magazine Show Daily. The conference newspaper was redesigned in 2004 to make it easier to read and to provide a broader view of the conference.

The magazine, Web site, and Show Daily were honored for excellence within the industry, garnering 20 industry awards in 2004.

### **[REALTOR® Association Executive Magazine](#)**

For executives of the country's nearly 2,000 state and local REALTOR® associations and multiple listing services, NAR produces the quarterly REALTOR® Association Executive Magazine. From how to choose the right MLS software to how to put a spark in your education offerings, RAE is the definitive source of information for executive officers throughout their careers.



## **REALTORS® Commercial Alliance Report**

The REALTORS® Commercial Alliance Report is a quarterly newsletter focused exclusively on the concerns and needs of commercial practitioners. Each issue covers legislative news, industry trends, and research and statistics that will enable commercial brokers, property managers, and other commercial members of NAR to conduct their business more effectively. The RCA Report also provides regular updates on the activities of NAR's commercial affiliates and RCA committees. Each issue is mailed to approximately 45,000 subscribers.

## **Specialty Publications**

NAR produces a wide range of other specialty publications, including the online [Letter of the Law](#) for members with a special interest in legal developments and several [Internal News Service](#) e-newsletters for REALTOR® association executives, MLS directors, NAR's Board of Directors, commercial members, and the nation's top 300 brokers.

## **Other Knowledge Resources**

### **Center for REALTOR® Technology**

The Center for REALTOR® Technology serves NAR members as an industry advocate, implementation consultant, and technology information resource. In 2004, CRT strengthened its member support through a number of new activities.

- It increased publication of its two newsletters (circulation 2,832) to quarterly from twice a year. The newsletters help brokers, association executives, and IT staff working in the residential real estate industry stay abreast of new technologies. One newsletter, for practitioners and AEs, features easy-to-read, practical descriptions of how new hardware and software can assist them in their businesses. A second newsletter provides IT staff with hands-on guidance in implementing and troubleshooting new and existing technologies. The online newsletters also were modified to support audio. Other CRT publications include guides to Web-based mortgage calculators and wireless MLS applications.
- It continued to publish annual REALTOR® technology and MLS technology surveys in 2004. Analysis of the responses shows REALTORS® continue to rely on technology in their businesses. Practitioners' use of pagers fell expectedly, and MLSs' adoption of the Real Estate Transaction Standard (RETS) increased. (RETS standardizes the method that MLSs use to transport data to brokers and their Web sites, software, and databases.)
- CRT contributed to the growth and acceptance of RETS with the release of three software packages: REX, a server; CART, a graphical desktop RETS client; and Retriever, which displays real estate data directly from MLSs and formats it for Web sites without requiring Web site owners to store data files on their system. In addition, CRT developed anti-scraping technology, such as NoScrape, which helps prevent unauthorized people from copying and stealing information and photos on real estate listings posted on the Internet, and reCaptcha, which determines whether a computer has been attacked by a remote computer programmed to capture private data.
- It developed and delivered eight sessions for the IT track at the 2004 REALTORS® Conference & Expo in November. During both the Midyear Governance Meetings and annual conference, CRT provided wireless (hot spot) access for attendees. CRT also sponsored a conference blog with running commentary, featuring opinions and musings from industry leaders.



- The REALTOR® Secure program, a best-practices certification that ensures MLSs have policies and procedures in place to protect real estate information and systems from internal and external risks, completed its first full year of operation in 2004. Almost 100 MLS operations became certified this year. Eight third-party consultants evaluate technology security for the program.
- The National Institute of Standards and Technology, a non-regulatory federal agency that develops and promotes measurement, standards, security, and technology, reacted positively to the REALTOR® Secure program and will look to CRT in 2005 for feedback on guidelines it's developing. CRT also sponsored the publication of *Industry Security Guidelines*, which forms the basis for the REALTOR® Secure program. Organizations that follow the guidelines help ensure confidentiality, integrity, and availability during the real estate transaction process.
- With the Houston Association of REALTORS®, CRT developed a Voiceover-IP application that reduces the time it takes for consumers to receive a response from their real estate practitioner.
- More than 30 software developers now volunteer their time to CRT.
- Through its outreach program, CRT presented technology topics at more than 15 REALTOR® or association meetings and conferences in 2004. This included presentations at several industry meetings for MLS operators.

## Information Central

Perhaps the most active member outreach happens daily at NAR's Information Central, NAR's customer service and support center. In 2004, Information Central received 80,000 e-mail messages and 150,000 telephone calls—that's nearly 800 contacts a day (and an 18 percent increase over 2003). In addition to the call center, Information Central is home to NAR's library, the world's largest collection of real estate-specific resources; the membership records division; and the NAR archives, a history of vital printed material produced by the association during its 96-year history.

Information Central is more than a knowledge warehouse and answer center. Its Virtual Library at REALTOR.org offers a variety of resources on specific topics tailored to REALTORS® 24 hours a day, seven days a week. Information Central's information specialists keep association staff, leadership, and members up to date on association and industry developments through specially researched [Field Guides](#) and can conduct custom research for callers, e-mailers, and Web surfers. The [ProQuest](#) database available to members through the Virtual Library provides unlimited, full-text electronic access to more than 1,700 business journals.

Information Central staff boasts a 12-year average employment tenure with the NAR. This staff of experts is on hand to answer questions, provide assistance, and help locate information in an efficient and timely manner. Live services are available from 8:30 a.m. to 5 p.m. C.S.T. Monday through Friday via Information Central's toll-free phone line (800/874-6500) and via Web chats at NAR's Web site, [REALTOR.org](http://REALTOR.org). E-mail: [InfoCentral@realtors.org](mailto:InfoCentral@realtors.org).

## **Leadership Initiatives**

NAR operates one of the most powerful lobbies on Capitol Hill, but NAR's leadership is manifest in other arenas as well. In 2004, NAR continued a number of initiatives that further strengthened its position as a national leader within the housing industry, the real estate community at large, and beyond.



## Source of Key Economic News for Americans

NAR reported a record year in 2004 for existing single-family home sales, with 6,675,000 units, which was up 9.4 percent from 6,100,000 in 2003. NAR's existing-home sales number is one of the nation's key economic indicators, closely tracked by major media organizations throughout the country. But it's just one of the many ways [NAR's Research Division](#) works on members' behalf. The group also tracks members' business confidence; analyzes critical public policy issues; and conducts surveys, including its regular profiles of NAR members, brokerage owners, and recent buyers and sellers. NAR members can gain economic insights through such products as *Real Estate Outlook: Market Trends & Insights* and regional and local market reports for commercial practitioners.

## Communicating the Value of REALTORS®

NAR completed the seventh successful year of its [Public Awareness Campaign](#) in 2004. The television and radio advertising campaign helps millions of potential homebuyers and sellers understand the value of using a REALTOR®. With the themes "NAR has 1 million members working for you" and "Ask if your salesperson is a REALTOR®, a member of the NATIONAL ASSOCIATION OF REALTORS®," the ads build credibility in the REALTOR® name and drive home to consumers the value REALTORS® bring to both residential and commercial transactions.

The campaign relies on rigorous consumer and member research to evaluate performance. The latest survey in 2004 showed continued improvement in important benchmarks. Unaided awareness of the campaign increased to 24 percent in 2004 from 17 percent in 2001. Overall awareness is up 4 percentage points to 71 percent in 2004 since 2001. Members, too, see the value in the program: Ninety-seven percent favor advertising promoting the benefits of using a REALTOR®.

More than 5,000 radio and television commercials aired in 2004. Spots aired on network news and during late-night programming, as well as on cable television and network and Hispanic radio, reaching an estimated 97 percent of the target audience of 25- to 54-year-olds.

## Helping REALTORS® Stay Safe on the Job, at Home, and on the Road

Real estate practitioners face more on-the-job risks than many other business professionals. To focus attention on safety, NAR launched the [REALTOR® Safety Week Web site](#) (part of REALTOR.org) in 2003 and officially designated Sept. 11-17, 2004, as the third-annual REALTOR® Safety Week. NAR sends a comprehensive safety kit to association executives before Safety Week to assist them in planning safety-related events for their members.

## NAR Brings History to Life Through Multiple Exhibition Sponsorships

As the sole sponsor of the Smithsonian's "Within These Walls ..." exhibition, NAR is helping to tell the stories of five families who lived in a historic Ipswich, Mass., home over 200 years. This two-story home, which is one of the most popular exhibitions at Smithsonian's National Museum of American History, was transported to and reconstructed within the Smithsonian's National Museum of American History. The exhibition is now in the fourth year of its 15-year run. NAR continues its sponsorship through ads in various airline publications, kiosks, and dioramas in Washington, D.C., metro stations, and tail-light displays on area buses.

To celebrate the formal dedication of the National World War II Memorial, NAR co-sponsored a new temporary exhibition titled "So Proudly We Hail," on display at Smithsonian's National Museum of American History during summer 2004. The exhibition featured four prominent American flags from World War II and paid tribute to those who fought under the stars and stripes. This exhibition, one of several special temporary exhibitions related to WWII, was well-received by museum visitors.



NAR also co-sponsored another temporary exhibition titled “Sept. 11: Bearing Witness to History,” which ran from Sept. 11, 2002, through July 6, 2003, at the Smithsonian’s National Museum of American History. This exhibition, which paid tribute to those who perished in New York and Pennsylvania on 9/11, attracted more than 1 million visitors. This historic exhibition is now touring the country through Jan. 1, 2006.

## **REALTORS® Relief Foundation**

The REALTORS® Relief Foundation’s mission is to give money to help organizations provide housing-related relief to victims of a national or state disaster. In 2004 RRF contributed \$50,000 to the Florida Association of REALTORS® Disaster Relief Fund to aid victims of Hurricane Charlie; \$25,000 to the Alabama REALTOR® Disaster Relief Fund for Hurricane Ivan; and \$10,000 to the Illini Valley Association of REALTORS® Tornado Relief Fund for tornadoes that struck Granville and Utica, Ill., in April 2004. NAR contributed an additional \$50,000 from its general fund to FAR’s disaster relief fund.

In total, the REALTORS® Relief Foundation received about \$50,000 in contributions in 2004.

## **2004 REALTORS® Conference & Expo: Orlando**

More than 25,500 REALTORS® and guests—the largest overall attendance in 25 years—attended the 2004 REALTORS® Conference & Expo in Orlando, Fla. There were 555 exhibiting companies, an all-time record. During the meetings, NAR’s Board of Directors voted to:

- Approve updates to the association's voluntary guide to professional courtesies, called *Pathways to Professionalism*. The guide includes such suggestions as scheduling appointments in advance, calling when you’re delayed for an appointment, and promising only what you can deliver. It also recommends that REALTORS® identify their status as REALTORS® in all contacts with other members and the public.
- Authorize hearing panels to accept testimony via videoconference or teleconference when the hearing chair determines that such testimony is essential to ensuring a fair hearing. It also approved modifications to expedited hearing procedures. The Standards of Practice changes ensure that respondents in uncontested expedited hearings can offer information to mitigate potential discipline.
- Refer a proposed Standard of Practice back to the Professional Standards Committee. The standard would have required REALTORS® to disclose to buyers the possibility that the existence, terms, and conditions of any offer they make could be disclosed to other purchasers by sellers or by sellers’ representatives, except where such disclosure is prohibited by law.

## **Other Board Actions**

### **Membership**

- Reduced from 50 years to 40 years the membership requirement for eligibility for REALTOR® Emeritus status. There’s no minimum-age requirement. Emeritus members are waived from paying national dues. There were slightly less than 700 REALTORS® Emeritus members at the end of 2004.
- Renewed the waiver of dues and special assessments for NAR members who are military reservists on active duty.



## MLS

- Extended the mandatory deadline by six months, to July 1, 2005, for MLSs to adopt the virtual office Web site (VOW) policy approved by the NAR Board of Directors in 2003. The extension was made because of a pending investigation by the U.S. Department of Justice.

The virtual office Web site (VOW) policy, passed by NAR's Board of Directors in May 2003, establishes policies that MLSs must apply to participants who operate a VOW and, thus, use MLS information in an online brokerage environment. NAR work groups spent more than a year formulating the policy, which ensures that listing brokers and their clients are protected from misuse of their data. The policy covers, among other things, how much MLS information can be posted online and the relationship VOWs need to establish with customers before granting access to the information. In addition, the policy gives MLS members the ability to opt out of having their listings displayed by any or all VOWs of other participants of their MLS.

Passage of the VOW rules came slightly more than a year after the effective date of NAR's Internet Data Exchange (IDX) policy. That policy—known to some as broker reciprocity—requires REALTOR® MLSs to make a downloadable database of listings available to their participants who want to post the listings at a personal or company Web site.

Although the IDX policy was intended to enable what amounts to cooperative advertising of listings online, the VOW policy is targeted at regulating the evolving practice of conducting brokerage online. Both policies demonstrate NAR's commitment to having policies that both reflect and enhance members' opportunity to implement new business practices as well as to protect MLSs, members, and consumers.

- Eliminated obsolete and redundant provisions in the association's MLS policy. The revised policy will be made available on REALTOR.org in early 2005.

## Legal

- Approved \$309,000 to fund seven cases. The cases involve disclosure, eminent domain, commission advances, online property marketing, portable signs, property conversion, and economic development. One of the cases (*Freeman v. Sandicor, 2003*) involves a decision by the U.S. Court of Appeals for the Ninth Circuit, which held that Sandicor's pricing policies for support services amounted to unlawful price fixing. The funding in support of Sandicor is for the MLS's continued defense of that case; it comes on top of money NAR had previously put into the case and after another plaintiff filed suit, seeking to bring the suit as a class action.
- Authorized \$100,000 in funding to update NAR antitrust and fair housing educational materials. Each local and state association will receive one copy of the materials, and digital versions will be posted on REALTOR.org.
- Renewed the professional liability insurance policy with American International Group for the 2005 policy year.

## Federal Legislation and Regulation

- Opposed efforts at the federal level to preempt state insurance laws. The initiative is under discussion by the leadership of the U.S. House of Representatives Financial Services Committee.
- Supported efforts to establish federal guidelines for any wireless directory assistance service developed for cellular subscribers' telephone numbers. De minimis standards should include an opt-in provision and give subscribers the right to opt-out at no cost.



- Specified that the process for military base realignment and closure should include research, development, testing, and an analysis of the community impact.

### **Policies to Maintain Central Position**

- To help REALTORS® maintain the first point of contact in the transaction, the Board and NAR Delegate Body passed a constitutional amendment to exclude those who exclusively engage in mortgage finance from being able to call themselves a REALTOR®. Other categories of membership, such as affiliate member, would still be available to mortgage professionals.
- Keeping REALTORS® at the center of the transaction is the principal objective of the Strategic Planning Committee's new plan. [Please make this a link to the strategic plan section above—Roman numeral V. Thanks.] The plan articulates three core objectives that are key to maintaining the first point of contact with consumers: expanding the REALTOR® role in the transaction; supporting member efforts to offer a package of services to consumers; and recognizing the value of specialty groups and the need to provide products and services to those groups. Other strategic objectives include taking the lead on data security; being a strong advocate for property rights and other real estate issues in the federal legislative and regulatory arena; and strengthening NAR's role in promoting diversity in homeownership and in NAR membership.

### **International**

- Approved bilateral cooperation agreements with associations in Argentina, China, Japan, Latvia, and Uruguay.

### **The board heard the following reports:**

- The association continues to be in a financially strong position, thanks in part to record growth in membership, which is projected to reach 1.1 million in 2005, according to NAR Treasurer Mike Brodie. In 2004, the association had \$125 million in revenue and \$116 million in expenditures.
- NAR holds a strong political position as well after chalking up substantial success in the Nov. 2 election. The association won 27 of 31 primary and general election opportunity races and all six of its Independent Expenditure campaigns. The REALTORS® Political Action Committee ranked No. 1 among all PACs in direct contributions to federal candidates—\$4.1 million for the 2003–2004 election cycle. NAR spent a total of nearly \$13 million leading up to the November elections, \$9 million in RPAC funds and other contributions from members (for direct contributions, Opportunity Races, independent expenditures and direct contributions to targeted candidates), and \$4 million in dues-funded political advocacy dollars. Record RPAC contributions fueled NAR's success: more than \$5.4 million raised with 41 percent of NAR members contributing.
- Homestore CEO Mike Long told board members of the need for the industry to increase the number of salespeople and brokers using REALTOR.com services so that the REALTOR® organization can compete with online intermediaries and interlopers trying to come between salespeople and consumers. Millions of consumers begin their search through just a few portals, Long said. "A weak REALTOR.com can't compete with [those portals] for consumer traffic. The site must maintain its market value proposition. Only REALTOR.com stands between third-party portals and control of millions of consumers," he said.
- 2004 President Walt McDonald reaffirmed NAR's commitment to defend the mortgage interest deduction should legislative proposals be raised in Washington, D.C., to make dramatic changes to the tax code.



McDonald said the likelihood of lawmakers introducing proposals for a flat tax or national sales tax, which could threaten the MID, is increasing as President Bush makes tax simplification a priority in his second term.

- McDonald announced a partnership with an affiliate of the CALIFORNIA ASSOCIATION OF REALTORS® to introduce a REALTOR®-centric transaction-management platform in 2005. NAR has invested \$1.2 million in the initiative.

**The following award recipients were honored at the meeting:**

- For Distinguished Service Award, Stephen A. Hoover, CRB, CRS®, GRI, of Roanoke, Va., and Ronald L. Myles, CCIM, GRI, of Denver.
- The William Magel Award was given to Joel Singer, executive vice president of the CALIFORNIA ASSOCIATION OF REALTORS®.

Finally, the board heard the 2006 slate of NAR officers: Thomas M. Stevens, Vienna, Va., president; Pat Vredevoogd, Grand Rapids, Mich., president-elect; Richard Gaylord, Long Beach, Calif., first vice president; and Bruce Wolf, Englewood, Colo., treasurer.



## A Focus on Real Estate Niches

NAR Business Specialties lends critical mass to a variety of NAR constituencies by providing integrated services and management attention that these groups couldn't afford separately. By consolidating management and communications functions, the Real Estate Buyers Agent Council (REBAC); REALTORS® Land Institute (RLI); Appraisal, Auction and Resort Area and Second Home Markets; and the Real Estate Professional Assistant now have access to staff and resources that they didn't have before. [The CourseCalendar.com](http://www.coursecalendar.com), introduced in 2003, is an integral component of Business Specialties. The online calendar is a magnet for professionals looking for real estate education offerings. In 2004, this "education Multiple Listing Service" listed almost 1,400 NAR and affiliate course sessions, sessions that generated more than \$1.1 million in non dues revenue for the sponsoring organizations.

Examples of NAR's expanded niche services include:

- [\*\*REALTORS® Commercial Alliance\*\*](#). Composed of NAR's commercial committee, subcommittees, forums, the RCA Advisory Board, Commercial Overlay Boards (COBs) and Commercial Structures (CSs), and the five NAR commercial affiliates (CCIM Institute, Counselors of Real Estate, Institute of Real Estate Management, REALTORS® Land Institute, and Society of Industrial and Office REALTORS®), RCA is dedicated to serving the unique needs of NAR's commercial real estate members.

The quarterly *RCA Report*, and monthly *Commercial INS* e-newsletter inform and educate more than 45,000 commercial members about industry trends, best practices, and NAR's legislative and regulatory initiatives. The RCA Web site contains valuable information to help commercial members conduct business more successfully. RCA task forces on license reciprocity, broker lien laws, and commercial CE credits, made significant progress in 2004, influencing the passage of state legislation and licensing regulatory agencies. The RCA assumed a leadership role in the industry effort to create commercial real estate data standards, which will help facilitate the development of Commercial Information Exchanges (CIEs).

Today, there are more than 45 REALTOR®-owned and/or-operated CIEs among the 30 COBs and 110 CSs around the country. In 2004, a special work group examined the appropriate role for NAR in creating a national CIE platform. All the pieces are now in place to move forward with this major initiative in 2005.

In 2004, the RCA Committee Work Group on tenant-in-Common (TIC) transactions examined this growing model of real estate investment and the challenging issues relating to its categorization as a security or real estate. The Work Group will continue to examine this matter with the goal of ensuring that REALTORS® can participate in TIC transactions and be compensated for their efforts.

RCA is a charter member of the Real Estate Information Sharing and Analysis Center, which provides timely e-mail updates from the federal government to NAR commercial members on terrorism threats to commercial property. RCA will continue to leverage NAR's legislative and regulatory influence to achieve favorable public policy on issues such as terrorism insurance, the military base realignment and closure process, depreciation of leasehold and tenant improvements, and tax treatment of depreciation recapture.



James Marrelli, NAR's new vice president of commercial real estate, presided in September over the 2004 RCA Strategic Planning Session, which precipitated development of a new business plan with three central themes:

1. **Organizing the field**—To Identify commercial members and creating more Commercial Overlay Boards and Commercial Structures
  2. **Creating the “Voice for Commercial Real Estate”**—To position NAR to the commercial industry, advocate for public policy issues, and provided a forum for industry-wide dialogue
  3. **Delivering the value proposition**—To deliver core products, services, and technology to commercial members
- **Resort and Second Home Specialty.** To better serve practitioners working in resort and second-home markets, NAR offers a number of resources: a resort home page at REALTOR.org; a Resort Area ListServe; resort and second-home data reports; a two-day educational course, “Second Home Markets and Resort Areas”; a “Find a Resort Specialist” member directory; national networking opportunities; and a Resort Symposium & Workshop. The symposium was developed specifically for members interested in resort and second-home markets. The next symposium is scheduled for Feb. 5-8, 2006, on the Big Island of Hawaii.
  - **The Real Estate Buyer’s Agent Council.** In another record-breaking year, licensed course providers for REBAC provided ABR® designation education to almost 12,000 REALTORS®, an increase in enrollment of almost 20 percent over 2003. In addition to classroom courses offered through some of the most respected real estate schools and franchises in the industry, REBAC courses also are offered through REALTOR® University and other online portals.

REBAC continues to provide educational opportunities even after members earn their designation. Members receive monthly print and weekly electronic newsletters, providing information on trends in buyer representation. Other member benefits directly address marketing and related business issues. REBAC promotes buyer representation in general—and the ABR® specifically—to the public through a national advertising campaign, which includes radio spots on such special events as the Super Bowl and Grammy Awards. REBAC also distributes newspaper and radio stories nationally through a news syndicate.

- **REALTORS® Land Institute.** Reorganized in 2002, RLI experienced a one-third increase in membership rolls in 2004, reflecting a growing interest in the brokerage, leasing, management, and development of land. The Land 101 Course, first offered in 2003, has proven to be a popular introduction to this specialty and the first step towards earning the Accredited Land Consultant (ALC) designation, RLI's standard of excellence. Additions and improvement to RLI's Web sites now draw even more online traffic—generating 2,000 requests per day—from both professionals and consumers looking for resources about land.
- **A World Leader.** To ensure NAR members have access to international business, NAR works to educate REALTORS® about opportunities in their local markets. A record number of individuals (242)—both in the United States and abroad—in 2004 were awarded the Certified International Property Specialist (CIPS) designation, further growing the global network in which trained professionals can conduct business.

Through the **International Consortium of Real Estate Associations**, associations in 26 countries continue to work together to develop business, professional, and technical standards and to build trust among real estate professionals worldwide. November 2004 marked the one-year anniversary of the group's advertising service for distinctive properties, providing global exposure for listings with international appeal, and also the launch of a new Transnational Referral Certification course, designed to expand the practice of referral



fees to a global scale. In the United States, only REALTORS® can use this and other services available from [WorldProperties.com](http://WorldProperties.com).

Since 1992, the [International Real Property Foundation](#) has enabled NAR leaders to share core values of professional real estate practice with the world. The foundation is funded primarily by the U.S. Agency for International Development, private foundations such as British Petroleum and Ford, REALTORS®, REALTOR® associations, and NAR. The common denominator among these contributors: They're dedicated to the proposition that the surest way to establish and shore up democratic institutions is by improving standards of living, typically a by-product of secure real property ownership, which leads to strong market-driven economies.

- Outreach to New and Existing Members. Membership outreach has been a strategic staple for NAR for several years. In 2004 NAR mailed more than 1 million residential and commercial membership reference guides with personalized membership ID cards to new and renewing members. Through focus groups and online surveys, REALTORS® have been integral in helping to shape the format and content of this comprehensive reference guide so that it's valuable to all members, whether novice or experienced. Additionally, state and local REALTOR® associations again this year had the opportunity to include a customized message on the guide's cover flap. Customization enables members to receive benefit information from all three levels of the REALTOR® organization.

NAR continues to send a welcome e-mail to new members. Once new members' contact information is entered into the National REALTORS® Database System (NRDS), the system is programmed to automatically send an e-mail advising new members of their NRDS number and its varied uses, alerting them to the impending arrival of their membership guide, and explaining REALTOR.org and other NAR benefits.

NAR also makes an effort to meet with members face to face. In 2004 NAR attended more than 15 NAR, state, and franchise trade shows. Through this outreach, members learn firsthand about the benefits of membership: legislative and regulatory advocacy, the REALTOR VIP® Alliance Program, NAR publications, the national Public Awareness Campaign, and other strategic NAR initiatives.



## Awards and Recognition

### Celebrating Homeownership Opportunities for Minorities

The HOPE Awards <http://hopeawards.org/> (Home Ownership Participation for Everyone) recognize organizations and individuals who are making outstanding contributions to increasing minority homeownership. The HOPE awards are given every other year; they'll be given next in 2005. A distinguished panel of judges determines award winners based upon their impact on the community served. Award winners receive a \$10,000 honorarium and a trophy at a gala celebration in Washington, D.C. Recipients also participate in a HOPE Awards symposium and news conference, where they can discuss their projects and answer questions from journalists and housing experts. In 2003, the most recent year in which the awards were held, HOPE Awards were given to the following recipients:

- **Brokerage Award:** Emily Moerdomo Fu, RE/MAX Greater Atlanta International
- **Education Award:** Deborah Howard, Pratt Area Community Council, Brooklyn, N.Y.
- **Finance Award:** Rev. Elmira Vincent, Mission of Peace Housing Counseling Agency, Flint, Mich.
- **Project of the Year:** Christopher Kui, Suffolk Homes by Asian Americans for Equality, New York, N.Y.
- **Public Policy Award:** Shanna Smith, National Fair Housing Alliance, Washington, D.C.
- **HOPE Leadership Award:** Rev. James Dickerson, Manna Inc., Washington, D.C.

### Creating Local Housing Opportunities

Through its [Housing Opportunity Program](#) (HOP), NAR is working to create more affordable housing opportunities throughout the country. HOP's mission: to position REALTORS® as leaders in identifying, developing, advocating, and promoting business opportunities, programs, products, and resources that expand housing availability and ensure housing opportunities in both the rental and homeownership sectors of the market.

To achieve the mission, HOP participated in and initiated in activities at both the national and local levels.

- Nationally, HOP commissioned its annual Pulse Survey in May of 1,000 adults in 25 large media markets, which showed a public desire for local officials to do more to promote housing opportunities, as well as a public willingness to build more affordable housing. The survey results appeared on the front page of *USA Today* and also were highlighted in publications and on Web sites of national housing organizations.
- HOP also participated in efforts to increase minority homeownership, such as by joining in the White House Initiative on Minority Homeownership, an alliance of public- and private-sector organizations, whose goal is to increase minority homeownership, and Freddie Mac's Dispel the Myths program. In the latter, Freddie Mac partnered with REALTORS® and counseling agencies to dispel myths minorities may hold about homeownership and educate minority individuals so that they may realize the goal of homeownership.
- Housing Opportunity Advisory Board members and staff raised HOP's visibility by participating in and speaking at several events throughout the year, including the U.S. Department of Housing and Urban Development's Fair Housing Conference, HUD's Affordable Housing Roundtable, the National Emerging Markets Symposium, Neighborhood Reinvestment Corp.'s "Changing Minds; Building Communities," and several state and local association housing opportunity programs.



- In 2004, HOP and the Neighborhood Reinvestment Corp. joined forces to create local partnerships between REALTORS® and counseling agencies, resulting in more educated and qualified homebuyers.
- HOP partnered with the National Building Museum to conduct events in the 10 cities where the museum's affordable housing exhibit will travel between 2005 and 2007. These events will provide an opportunity for local REALTORS® to gather city, state, and federal officials, as well as to begin a meaningful conversation on promoting housing opportunities in those cities.
- In 2004, to promote housing opportunities on a city-by-city basis, HOP launched the Ambassadors for Cities program. This NAR and U.S. Conference of Mayors joint effort is intended to increase the number of affordable housing units in the rental and ownership segments of specific communities. Ambassadors' events were held in four cities, including Memphis, Tenn.; Ft. Collins, Colo.; Washington, D.C.; and Winter Park, Fla. The events resulted in tangible new housing opportunity initiatives, including resource guides for potential homeowners, a downpayment assistance fund, and a REALTOR® certificate educational program. HOP hopes to engage eight to 10 local REALTOR® associations in the Ambassadors program in 2005.

It's the collective power of local REALTORS®, city officials, and housing organizations that's most effective in finding solutions to local affordable housing concerns. In 2004, the number of local and state REALTOR® housing opportunity initiatives rose from 150 to 200. HOP will continue to assist local boards and associations in developing programs.

### **REALTORS® Making a Hometown Difference**

REALTOR® Magazine's annual [Good Neighbors Awards](#) program recognizes REALTORS® who've made an extraordinary commitment to improving the quality of life in their community through volunteering. In 2004, the awards were sponsored by eNeighborhoods Inc., the founding sponsor; Fannie Mae; and Pulte Homes Inc. Winners received \$7,500 grants for their charitable organizations and were sent, expenses paid, to the 2004 REALTORS® Conference & Expo in Orlando, Fla., to be honored during the General Session.

The 2004 winners are:

- **Thomas Bush**, Coldwell Banker Triad, REALTORS®, Commercial Division, Winston-Salem, N.C. Bush has been a strong advocate for child abuse prevention since 1979 when he helped bring the first of nine Stop Child Abuse Now centers to North Carolina. Today, the centers provide prevention and treatment programs to 10,000 people each year.
- **Robin Croft**, Coldwell Banker Residential Brokerage, Warwick, R.I. Croft founded The John T. Croft Recovery House, in memory of her father, to provide transitional housing for women recovering from alcohol and drug addiction. The house, which she bought, renovated, and furnished with her own money, has served 125 women since 2003.
- **Ned C. Li**, H & I Real Estate, Rockville, Md. In 1982, Li founded the Chinese Culture & Community Service Center and has built it into a major culture, education, recreation, and community service organization with more than 2,000 members. Its 350 volunteers sponsor meals for the homeless and health clinics for the uninsured.
- **Thomas Maloney**, Liberty Pierre Joseph Realty Inc., Pittsfield, Mass. As chair of the Disaster Action Team for the American Red Cross, Berkshire County Chapter, Maloney arranges emergency shelter, clothing, and basic necessities for victims of fires and natural disasters. He has personally responded to hundreds of calls, most in the middle of the night.



# 2004 Annual Report

- **Diane Mintz**, Marvin Gardens Real Estate, Berkeley, Calif. As a tutor in poverty-stricken Richmond, Calif., Mintz learned how few children ever ventured outside of their downtrodden neighborhood. In 2000, she founded Youth Enrichment Strategies, which has sent 1,000 low-income kids to sleepover camp, exposing them to new experiences and a world of possibilities.

In addition, five honorable mentions each earned \$1,500 for their community causes. The 2004 honorable mentions are:

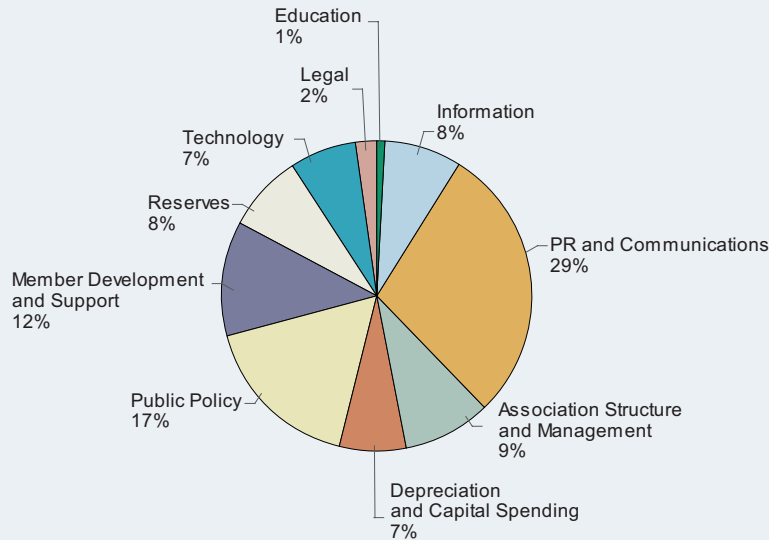
- **Linda Asbee**, Century 21 Sparow-Shoreline, Long Beach, Calif., for For the Child
- **Melissa Deputy**, Prudential New Jersey Properties, Flemington, N.J., for Hunterdon County Foster and Adoptive Families
- **Leslie Edwards**, CRS®, ABR®, GRI, RE/MAX Advantage, Fayetteville, Ga., for Southern Crescent Habitat for Humanity
- **Robert Kevane**, The Kevane Co. Inc., La Mesa, Calif., for Boys & Girls Club of East County, St. Augustine High School, and San Diego Blood Bank
- **Sandra Martin**, RE/MAX Executives Inc., Atlanta, for The Lifekeeper Foundation

To learn more about the 2004 winners, how to nominate someone for the 2005 awards (the deadline is May 27, 2005), and how you can make a difference in your community, visit REALTOR® Magazine Online's [Good Neighbor Tool Kit](#).



## Financial Highlights

### Where Your Annual Dues and Assessment Dollars Go (Operating Expenses)



### By the Numbers: NAR's 2004 Operating Expenses

Information .....	7,098,000
PR and Communications .....	25,868,000
Association Structure and Management.....	8,551,000
Depreciation and Capital Spending .....	7,034,000
Public Policy.....	16,075,000
Member Development and Support.....	11,042,000
Reserves .....	7,968,000
Technology.....	7,014,000
Legal.....	2,185,000
Education .....	966,000
<b>Total.....</b>	<b>93,801,000</b>

### 2004 Gross Income and Gross Expenses

Gross Revenue From Operations .....	126,655,000
Gross Expenses From Operations .....	-115,454,000
Net Income From Operations .....	11,201,000

### Membership Count

2004.....	1,102,250
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