LETTER FROM

MOE VEISSI 2012 NAR PRESIDENT  DALE STINTON NAR CEO

We are proud to present you with the 2012 National Association of REALTORS® Annual Report, “Rally Nation.”

While our accomplishments in 2012 are as varied as the one million members we serve, our story and mission are clear and direct. The National Association of REALTORS® works to ensure the success of its members through the advancement and protection of homeownership and real estate investment. It was time for the Annual Report to reflect the bold, forward-thinking dynamic of the association itself and the members we serve so proudly. We hope you enjoy the new look.

NAR achieved so much in 2012, but one event clearly defined the year, the REALTOR® Rally to Protect the American Dream of Homeownership. For the first time in the 105-year history of the Association, thousands of REALTORS® gathered beneath the towering Washington Monument and became one nation, a rally nation dedicated to protecting the promise of homeownership. Now, that historic moment is commemorated as the theme of this Annual Report.

Of course, our accomplishments did not stop when the rally ended. The long-sought five-year reauthorization of the National Flood Insurance Program became law in June, bringing certainty to real estate transactions across the country. NAR also pressed for legislation to ensure affordable homes for our nation’s veterans and encourage foreign investment in real estate, which were signed into law.

As part of the overall deal on the budgetary “fiscal cliff,” mortgage cancellation relief was extended, itemized tax deduction limitations were repealed, cost recovery for leasehold improvements was renewed, and capital gain on a principal residence was protected. Members understood the significance of this legislation by sending a record number of letters to Capitol Hill urging Congress to “Do No Harm” to housing.

The REALTOR® Party powered NAR’s advocacy efforts with one of its critical components, the REALTORS® Political Action Committee, raising more than $7 million to support candidates at the local, state and federal level.

We also sought to harness the power of 75 million homeowners with new technology and connect with consumers through our national advertising campaign that continues to be among the most popular of NAR’s programs.

Defining our industry played a critical role for NAR throughout the year with our cutting-edge research examining real estate’s broad reach for our members, our communities and our national economy. In 2012, NAR Research conducted profiles of home buyers and sellers, members and international buyers.

NAR worked tirelessly to ensure that our members enjoy many of the business advantages of being a REALTOR®. In 2012, NAR offered a wide array of benefits, business tools, educational opportunities and discount programs to promote member success. We joined with several new partners, including Sprint, Xceligent and Chrysler, to provide unparalleled benefits that far surpass those of comparable associations.

Through all these means and more, NAR met this year’s goals of protecting the interests of REALTORS® and homeowners; along with the value of homeownership, commercial real estate and private property rights.

Thank you for everything you do on behalf of NAR and the real estate industry. It’s because of you that REALTORS® are “the Heart of the Deal!”

Moe Veissi
2012 NAR President

Dale Stinton
NAR Chief Executive Officer
Douglas C. Azarian
ABR, SRES, e-PRO
Region 1
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont

J. Gregory Connors
Region 2
New Jersey, New York and Pennsylvania

Richard F. Brogan, Jr.
CRS, GRI, ABR
Region 3
Delaware, District of Columbia, Maryland, Virginia and West Virginia

Milton M. Shockley
CRS, GRI, CRB, CDPE, e-PRO
Region 4
Kentucky, North Carolina, South Carolina and Tennessee

Cynthia S. Joachim
CRS, GRI, ABR, ABRM, CIPS, RSPS, e-PRO, TRC
Region 5
Alabama, Florida, Georgia, Mississippi, Puerto Rico and the Virgin Islands

Brad Knapp
GRI, ABR, CRB
Region 6
Michigan and Ohio

Paul G. Wyman
Region 7
Illinois, Indiana and Wisconsin

Jo Jenkins
GRI, ABR, CRB, CRS
Region 8
Iowa, Minnesota, Nebraska, North Dakota and South Dakota

Richard F. Brogan, Jr.
CRS, GRI, ABR
Region 3
Delaware, District of Columbia, Maryland, Virginia and West Virginia

Avis Wukasch
Region 10
Louisiana and Texas

Michael Labout
CRS, GRI, e-PRO, CIPS
Region 11
Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming

Gail M. Hartnett
PMN, ABR, CRS
Region 12
Alaska, Idaho, Montana, Oregon and Washington

William E. Brown
CRS, GRI, e-PRO, CIPS
Region 13
California, Guam and Hawaii

Doug Hinderer
Senior Vice President, Human Resources, AE & Leadership Development

Dale Stinton
CAE, CPA, CMA, RCE
Chief Executive Officer

Janet Branton
CAE, CIPS
Senior Vice President, Global Business & Alliances

Jerry Giovanelli
Senior Vice President, Government Affairs & Chief Lobbyist

Robert Goldberg
Senior Vice President, Sales & Marketing, Business Development & Strategic Investments, Commercial Services, Professional Development, Conventions

Pamela Geurds Kabati
Senior Vice President, Communications

Laurie Janik
Senior Vice President, General Counsel, Law & Policy

Mark Lesswing
Senior Vice President & Chief Technology Officer

Frank Sibley
Senior Vice President, Consumer Relations

Walt Witek
Senior Vice President, Community & Political Affairs

Lawrence Yun
Senior Vice President, Research & Chief Economist
THE NATIONAL ASSOCIATION OF REALTORS® IN 2012:

1 MILLION MEMBERS STRONG

1,379 LOCAL ASSOCIATIONS
FACEBOOK
375,793
total followers at the end of 2012.
20% increase over 2011.

TWITTER
267,149
total followers at the end of 2012.
61% increase over 2011.

LINKEDIN
66,634
total members in the group at the end of 2012.
89% increase over 2011.
MAKING OUR VOICES HEARD.
May 17, 2012, was a beautiful spring day in the nation’s capital. It was also a historic day for homeownership and investment in real estate, as thousands of REALTORS® gathered at the foot of the Washington Monument to make our voices heard in the halls of Congress.

**RALLY TO PROTECT THE AMERICAN DREAM OF HOMEOWNERSHIP**

13,800 REALTORS® attended the rally.

15,600 virtual rally attendees.

4 U.S. Senators.

7 U.S. members of Congress.

5,000 tweets.

3,000 tweets directed at U.S. Senators.

1,500 photos uploaded to Flickr.

11.8 MILLION media impressions.

$2.3 MILLION in media exposure.

2,500 Facebook posts.
“WELCOME TO YOUR REALTOR® RALLY TO PROTECT THE AMERICAN DREAM OF HOMEOWNERSHIP AND REAL ESTATE INVESTMENT.”
Tom Salomone, 2012 Director of REALTOR® Party Activities

“YOU ARE TRULY THE ARCHITECTS OF THE AMERICAN DREAM.”
Moe Veissi, 2012 NAR President

“NO ONEaspIRES TO BE A TENANT. AMERICANS DREAM OF HOMEOWNERSHIP.”
Gerardo Ascencio, 2012 President, National Association of Hispanic Real Estate Professionals
FOSTERING VIBRANT COMMUNITIES.
IN 2012, NAR ADVOCATED FOR POLICY INITIATIVES THAT WILL RESULT IN THE CONTINUED CREATION OF A FUNDAMENTALLY SOUND AND DYNAMIC U.S. REAL ESTATE MARKET.
On July 6, the National Flood Insurance Program was reauthorized, bringing certainty to real estate transactions nationwide, where flood insurance is required for a mortgage.

1,421 / PER DAY

When NFIP lapsed for 33 days in 2010, 6% of REALTORS® had at least one delayed or cancelled home sale, amounting to 46,886 transactions during that 33-day period or 1,421 per day.

5.6 MILLION

business- and homeowners rely on the NFIP.

2,100

communities impacted.
On August 6, President Obama signed into law a bill reinstating the higher Veterans Affairs loan limits through 2014, making the VA Adjustable Rate Mortgage programs permanent.

On September 28, President Obama ratified the three-year reauthorization of the EB-5 Regional Center Pilot Program. EB-5 regional centers allow foreign investors to channel investment funds into American business, development and home purchasing, stimulating the economy and creating job opportunities at no cost to U.S. taxpayers.
HOMEOWNERSHIP INCENTIVES AND REAL ESTATE INVESTMENT PROTECTED IN FISCAL CLIFF LEGISLATION.

As part of the Fiscal Cliff deal signed by President Obama on January 2, 2013:

- Mortgage cancellation relief was extended for one year, through January 1, 2014.
- 99% of taxpayers are protected through the permanent repeal of itemized tax deduction limitations.
- Capital gain on the first $250,000 for individuals and the first $500,000 for joint filers on the sale of a principal residence remains in place.
- The 15-year cost recovery for leasehold improvements is renewed through December 31, 2013, and is retroactive to cover 2012.
In 2010, then-NAR President Vicki Cox Golder launched the REALTOR® Party to galvanize the strength of NAR’s one million members in three very specific ways: VOTE, ACT and INVEST. Since that time, the REALTOR® Party has forged a new path in NAR’s advocacy efforts.
In 2012, the vote component of the REALTOR® Party worked to elect pro-REALTOR® Party candidates who supported legislation that helps build REALTORS® businesses and strengthens our communities.

RPAC disbursed $4.6 million in direct contributions to federal candidates, leadership PACs and national political party committees, making RPAC the top PAC in candidate contributions in 2012.

54% of RPAC disbursements went to Republicans, while 46% went to Democrats.

84% of RPAC-supported candidates won Senate races.

94% of RPAC-supported candidates won House races.

54% of RPAC disbursements went to Republicans, while 46% went to Democrats.

89% RPAC won 8 out of 9 Independent Expenditure races for a win rate of 89%. There were 242 independent expenditure races in 38 states; 10 times more than any other previous year.

36 out of 38 President’s Circle-targeted races were victorious.
The Act component of the REALTOR® Party encouraged REALTORS® to support public policies that promote homeownership and investment in real estate in 2012. There are many ways we did this, including responding to Calls for Action at every level of government and fostering relationships that build vibrant communities.

### Call for Action (CFA)

**Member response rate:**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>6.2%</td>
<td>Preserve Access to Safe and Affordable Mortgages</td>
</tr>
<tr>
<td>11.6%</td>
<td>Keep Housing Recovery on Track</td>
</tr>
<tr>
<td>18.9%</td>
<td>Do No Harm to Housing</td>
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</tbody>
</table>

### Average Advocacy Participation Rate Comparing NAR vs. Other Nonprofits

- **NAR**: Triangles indicate the participation rate for NAR across the years.
- **Avg.**: Line indicates the average participation rate for other nonprofits across the years.

<table>
<thead>
<tr>
<th>Year</th>
<th>NAR</th>
<th>Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
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<td>2009</td>
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<tr>
<td>2012</td>
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The chart shows a comparison between NAR’s advocacy participation rate and the average rate for other nonprofits from 2007 to 2012.
In 2012, the Invest component of the REALTOR® Party encouraged REALTORS® to support pro-REALTOR® Party candidates at the local, state and federal levels by investing in the REALTORS® Political Action Committee and President’s Circle.

**RPAC raised**

$7,194,110

in 2012 — a 17% increase over 2011.

**RPAC has 4,718 Major Investors** — up 35% from 2011.

**President’s Circle has 600 fully paid members** — 30% ahead of last year.
550 STATE AND LOCAL ASSOCIATIONS

tapped into nearly 3,000 resources.

COMMUNITY OUTREACH

194
2012

99
2011

194 housing opportunity, diversity and smart-growth grants were distributed in 2012; up from 99 last year.

MOBILIZATION GRANTS:

52 Issue Mobilization grants were distributed in 2012; five times more than in 2011.
As part of NAR’s Second Century Initiatives strategic plan, the National Association of REALTORS® determined that building a long-term relationship with consumers was essential to support REALTORS®, homeownership, real estate investment and the future of the real estate industry. The Consumer Outreach Program is the infrastructure that will amplify and augment NAR’s communications, building and strengthening the NAR/REALTOR®-Consumer relationship.
The Public Advocacy Campaign’s “Moving Pictures” advertisement debuted in 2012, reaching consumers with positive messages about the benefits of homeownership to children, families and communities. The advertising materials portray the advantages of homeownership from a child’s perspective and explain that REALTORS® are working hard to protect the American Dream of homeownership.

In 2012, 95% of REALTORS® favored the advertising program; the same percentage believes the ads are appropriate for the current political climate.

Bought Media

The Public Advocacy Campaign is one of the most popular programs among NAR members.

Owned Media

NAR created two consumer-focused communications vehicles to ensure message discipline when talking with consumers about the importance of homeownership and real estate investment.

HouseLogic

1.57 billion impressions generated per year by HouseLogic.com.

Real Estate Today Radio Show

200 stations

The show runs in the top 25 media markets and on 200 stations.

5.2 million monthly listening audience.
LEVERAGED MEDIA
In late July 2012, NAR launched the first of a three-part campaign using e-mails and browser ads to make homeowners aware of the value of homeownership.

75 MILLION U.S. homeowners contacted.
7 MILLION RENTERS aspiring to become homeowners contacted.
646 MILLION MESSAGES delivered to targeted homeowners layered across channels.

EARNED MEDIA
NAR’s Media Communications department worked every day in 2012 to educate the nation’s leading broadcast, print, radio and Internet media outlets about the positive impact homeownership and real estate investment play in building our national economy.

8 BILLION IMPRESSIONS generated each year through “earned” news stories in newspapers and magazines and on websites, blogs, radio and TV shows.

750 million positive media impressions about homeownership generated versus 410 million negative media impressions since September 2010, when the Homeownership Matters campaign was launched.

POSITIVE MEDIA IMPRESSIONS
NEGATIVE MEDIA IMPRESSIONS
DEFINING OUR INDUSTRY.
provides our members with cutting-edge research that defines real estate’s broad reach for our members, our communities and our national economy. In 2012, NAR’s Research Department assessed the significance of several vital aspects of the industry, such as a profile of who is buying and selling in today’s real estate market, identifying the members of the National Association of REALTORS® and a profile of internationally buying clients.

In 2012, 89% of buyers used real estate agents, up steadily from 69% of buyers in 2001.

<table>
<thead>
<tr>
<th>Year</th>
<th>Units Sold</th>
<th>Annual Prices</th>
</tr>
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<tbody>
<tr>
<td>2001</td>
<td>5.03M</td>
<td>$219K</td>
</tr>
<tr>
<td>2002</td>
<td>4.11M</td>
<td>$198K</td>
</tr>
<tr>
<td>2003</td>
<td>4.34M</td>
<td>$173K</td>
</tr>
<tr>
<td>2004</td>
<td>4.19M</td>
<td>$173K</td>
</tr>
<tr>
<td>2005</td>
<td>4.26M</td>
<td>$166K</td>
</tr>
<tr>
<td>2006</td>
<td>4.66M</td>
<td>$177K</td>
</tr>
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88% of Buyers said they were very satisfied with their agents’ knowledge of the purchase process.

88% of Sellers used agents or brokers to sell their homes.
In 2011, the typical agent had 10 transactions; up from 8 transactions in 2010.

The typical agent had a sales volume of $1.3 million in 2011; up from $1.1 million in 2010.

$1.3 million | 2011

$1.1 million | 2010

The median gross income for commercial members was $86,000 in 2011; up since the past 2 years.

$86,000

64% of commercial members derived more than 50% of their income from commercial real estate.

MEMBER PROFILES

10 TRANSACTIONS | 2011

8 TRANSACTIONS | 2010

In 2011, the typical agent had 10 transactions; up from 8 transactions in 2010.

The median gross income of REALTORS® was $34,900 in 2011; up from $34,100 in 2010.

$34,900 | 2011

$34,100 | 2010

REALTORS® with 16 or more years’ experience had a median gross income of $50,020.

$50,020

The typical REALTOR® is a 56-year-old, white female who attended college and is a homeowner.

56

57

The median age of a commercial member is 57.

76% of commercial members are male; female commercial membership is on the rise.

76%
INTERNATIONAL REALTOR.COM/PROFILE OF INTERNATIONAL HOME-BUYING ACTIVITY

4.8%

International clients accounted for 4.8% of total U.S. sales divided evenly between two different types of international clients for the 12 months ending March 2012.

Total U.S. market estimated at $982.2 BILLION.

Total sales volume to international clients is estimated at $82.5 billion for the 12 months ending March 2012, up from an estimated $66.4 billion for the 12 months ending March 2011.

3,700% INCREASE

since December 2011, shortly after the site launched.

REALTOR.COM/INTERNATIONAL receives more than 1 MILLION non-U.S. unique visitors every month.
The National Association of REALTORS® worked to ensure members have access to a wide array of benefits, business tools, educational opportunities and discount programs designed to help members succeed in 2012.
In April 2012, NAR created the Member Value Plus (MVP) Program to encourage members to take actions that will benefit NAR and its members, as well as to reward members for being active participants in their associations. Every two weeks, a new MVP offer is posted. Members who complete the specified action within the two-week timeframe are rewarded. In September 2012, an MVP program was launched focusing exclusively on Association Executives.

On November 1, Realtors Property Resource®, a REALTOR®-only national database of property information, launched nationwide, providing REALTORS® with access regardless of multiple listing service status with the site. Now, every member will be able to access RPR’s Realtor Valuation Model®, which is an authoritative tool for property value research that uses tax information, sales history, comps and other data sets.

Credit union members are now able to take advantage of NWFCU’s expanded products and services, including:

- Vehicle Loans
- First Mortgage & Home Equity Loans
- Student Loans
- Personal & Business Checking
- Business Loans
- Investment Products & Services

REALTORS® FEDERAL CREDIT UNION MERGES WITH NORTHWEST FEDERAL CREDIT UNION

MEMBER VALUE PLUS PROGRAM LAUNCHED

REALTORS® PROPERTY RESOURCE® (RPR) AVAILABLE NATIONWIDE

<table>
<thead>
<tr>
<th>493</th>
<th>MLS Partners</th>
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<tr>
<td>71%</td>
<td>of REALTORS® covered by RPR.</td>
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</table>
THE REALTOR BENEFITS® PROGRAM

PROVIDED NAR MEMBERS WITH AN ARRAY OF VALUE-ADDED OFFERS AND SAVINGS WITH NEW PARTNERS ADDED, INCLUDING SPRINT, XCELEIGENT, AND THE CHRYSLER GROUP LLC.

30+ INDUSTRY-LEADING COMPANIES IN 2012.

500,000 members take advantage of the benefits program.

3 MILLION member experiences were created.

THE DELL PROGRAM EXPANDED.

DRUG CARD AMERICA PROGRAM LAUNCHED.

REALTORS® DISCOVER MAGIC IN ORLANDO

The premier gathering of real estate professionals and their guests from around the world occurs every year at the REALTORS® Conference & Expo. In 2012, REALTORS® and their guests met in Orlando, Florida, November 9–12. The dynamic speaker lineup featured real estate’s top experts and industry leaders. Their valuable knowledge and insight helps members stay ahead of the competition by being fully informed on opportunities and challenges in their markets.

18,000+ attendees.

400 trade show exhibitors.

More than 17,000 people “liked” the REALTORS® Conference & Expo page on Facebook.
CREATING PROSPERITY.
SALE OF NAR’S EPROPERTY DATA TO XCELIGENT

Second Century Ventures, the strategic investment arm of the National Association of REALTORS®, sold ePropertyData (ePD) to Xceligent creating a game-changing partnership, that offers a competitive national alternative for commercial real estate information.

RPR COMMERCIAL ANNOUNCED

Realtors Property Resource® expanded its focus to include commercial properties. Just as RPR compiled vital data sets important for REALTORS® in residential practice, so now RPR commercial assembled important features to help our commercial practitioners.
NAR focused on the future of the industry and our association in innovative ways to ensure that REALTORS® will stay a step ahead in the fast-changing real estate landscape.
RESTRUCTURING NAR’S COMMITTEES
The real estate industry is constantly changing to meet the needs of an evolving society. To keep pace, the National Association of REALTORS® undertook a comprehensive review of the committee structure for the first time in 20 years. To ensure that NAR’s committees best reflected the current needs of our members and the industry, key recommendations were adopted by NAR’s Board of Directors at the REALTORS® Conference & Expo in Orlando, Florida, in November 2012.

REALTOR® UNIVERSITY LAUNCHED
The National Association of REALTORS® continues to build new opportunities to deliver the future of real estate by expanding real estate education through REALTOR® University, the ONLY institution of higher education focused exclusively on real estate. On February 27, 2012, the university launched its first courses leading to a Masters of Real Estate degree.

RETHINK INITIATIVE KICKS-OFF
The ReThink Initiative is a fresh, new approach to NAR’s strategic-planning process. Launched at the Leadership Summit in August 2012, it seeks to include as many voices and opinions as possible to shape the future of our industry and our association. The initiative applies a crowd-sourcing technique to ensure that every voice has an impact in shaping our future.
As an NAR member, you receive incredible business benefits, as well as the support and guidance of more than one million other real estate professionals and world-class staff, all focused on helping you succeed. Not one penny of members’ dues goes to the leadership and governance of NAR. All dues go to advocacy, programs, products and services.
**BREAKDOWN OF HOW YOUR MEMBERSHIP DUES AND ASSESSMENTS ARE USED:**

$155

Total 2012 dues and assessments

- **+$35**
  - Public Advocacy Campaign (2,000 television/5,000 radio spots annually, advocating for REALTORS® and homeownership)

- **+$40**
  - REALTOR® Party (targeted state and local real estate advocacy, mobilization, and grant funding)

- **+$22**
  - Government Affairs, Political Affairs, Economics & Research, Regulatory Affairs, RPAC, Public Affairs

- **+$22**
  - Second Century Initiatives: Realtors Property Resource®, HouseLogic, Real Estate Today Radio, new real estate domain, Commercial (eProperty Data)

- **+$36**
  - All the rest of NAR’s services (Legal, Communications, International Policy, Commercial, Education, Marketing, Affinity Partners, Business Specialties, Wholly Owned Subsidiaries, Center for REALTOR® Technology)

**BREAKDOWN OF HOW NONDUES REVENUE IS USED:**

- **+$32**
  - Gross nondues revenue (rent, interest, income, royalties, ad sales)

- **-$18**
  - Cost of producing revenue

- **+$14**
  - Net income from nondues revenue

- **-$14**
  - Association leadership and governance: midyear meetings, annual conference, leadership summit, committees, officers/leadership costs, special meeting costs

**+$0**

Total paid by members for leadership and governance

**Note:** $45 is a per-member representation of nondues revenue.