Make it Happen

NATIONAL ASSOCIATION OF REALTORS®
ANNUAL REPORT 2013
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“The National Association of REALTORS® doesn’t wait for things to happen; we make it happen.”

GARY THOMAS
2013 NAR President

2013 NAR LEADERSHIP TEAM

GARY THOMAS
President

STEVE BROWN
ABR, CIPS, CRS, GREEN
President-Elect

CHRIS POLYCHRON
CRS, GRI
First Vice President

BILL ARMSTRONG
GRI
Treasurer

MOE VEISSI
Immediate Past President

BILL BROWN
Vice President

LESLIE ROUDA SMITH
ABR, CRS, PMN, E-PRO
Vice President

DALE STINTON
CAE, CPA, CMA, ACE
CEO
IN 2013, NAR remained dominant in share of voice in the media compared to other industry voices on the broad topics that matter most to REALTORS®, consumers and the real estate industry. NAR’s media influence across four key messaging and content areas are: homeownership, public policy issues, real estate/housing data and REALTOR® value.

**NAR’S SOCIAL MEDIA GROWTH:**

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Followers 2011</th>
<th>Followers 2012</th>
<th>Followers 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>LinkedIn</td>
<td>35,297</td>
<td>66,634</td>
<td>83,481</td>
</tr>
<tr>
<td>Twitter</td>
<td>166,231</td>
<td>267,149</td>
<td>456,990</td>
</tr>
<tr>
<td>Facebook</td>
<td>312,609</td>
<td>375,793</td>
<td>506,830</td>
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**Date**

- **2011**
- **2012**
- **2013**
Ensuring Affordable Homeownership and Fostering Vibrant Communities

In January 2013, NAR won a significant victory for consumers when the Consumer Financial Protection Bureau agreed with NAR’s argument that protecting lenders will ensure the wide availability of affordable credit for qualified buyers. The rule on the Qualified Mortgage defines underwriting standards that the majority of lenders will use to qualify prospective buyers.

The new loan underwriting standards are:

- Low points and fees
- Follows underwriting guidelines
- No risky features
- Borrower’s debt-to-income ratio must not exceed 43% of gross income
- Mortgage must be affordable to the consumer

In August 2013, NAR scored another critical win for consumers when federal regulators proposed aligning a second mortgage regulation, known as the Qualified Residential Mortgage, with the Qualified Mortgage.

In 2014, NAR will continue to work on solving the problematic definition of “points and fees” that came about as a result of the decision.

Because of NAR’s vision and foresight, consumers will not face the daunting hurdle of a 20% down payment on a home.
Championing Real Estate at the Federal Level
At NAR’s urging, the federal housing finance agency kept the 2014 maximum conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac at $417,000 on one-unit properties in most areas and a cap of $625,500 in high-cost areas.

Because of NAR’s efforts, up to 70,000 home buyers opened the door to the American Dream of homeownership.

NAR supports restructuring the secondary mortgage market by winding down Fannie Mae and Freddie Mac but believes any new secondary market entity replacement must have an explicit government guarantee.

NAR believes that current-law real estate tax provisions are vital to the health of the economy and to homeownership.

NAR is working with Congress and regulators to develop appropriate legislative and regulatory best practices to lessen the potential for breaches and identity theft.

NAR is working to promote legislation on federal regulations pertaining to commercial real estate and the value and importance of liquidity in commercial credit markets.

NAR showcased its grassroots strength by providing political support to legislative champions of the real estate industry.
IN 2010, then-NAR President Vicki Cox Golder launched the REALTOR® Party Initiative to galvanize the strength of NAR’s 1 million members in 3 very specific ways:

IN 2013, the REALTOR® Party forged a new path in NAR’s advocacy efforts.

MAKE IT HAPPEN

VOTE

ACT

INVEST
**VOTE**

In 2013, which was an off-election year, the VOTE component of the REALTOR® Party continued using state and local independent expenditures (IE) to elect candidates who support legislation that helps build REALTORS®’ businesses and strengthen our communities.

<table>
<thead>
<tr>
<th>Year</th>
<th>Candidates Supported</th>
<th>Dollars Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>241</td>
<td>$5.3M</td>
</tr>
<tr>
<td>2013</td>
<td>252</td>
<td>$4.2M</td>
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$4.2 million dollars spent in 2013
$5.3 million dollars spent in 2012

**ACT**

THE ACT component of the REALTOR® Party encouraged REALTORS® to support public policies that promoted homeownership and investment in real estate in 2013. We did this in many ways, including responding to Calls for Action at every level of government and fostering relationships that build vibrant communities.

**2013 CALL FOR ACTION (CFA) RESPONSE RATES:**

<table>
<thead>
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<th>Response Rate</th>
<th>REALTOR® Candidates Supported</th>
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<tbody>
<tr>
<td>11.1%</td>
<td>69</td>
</tr>
<tr>
<td>15.1%</td>
<td>68</td>
</tr>
<tr>
<td>100%</td>
<td>69</td>
</tr>
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Flood insurance issues could sink your sales
Tax reform should do no harm
Federal Political Coordinators’ response rate to all NAR Calls for Action

**INVEST**

In 2013, 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 $8,111,081 in 2013, an 11% increase over 2012.
- RPAC at all levels (local, state and national) raised a record-breaking $24,700,946 across the country in 2013.
- RPAC participation increased by 4% to 26%, more than double the average participation rate of other trade association PACs.
- RPAC has 5,504 MAJOR INVESTORS, up 14% from 2012.
- President’s Circle has 726 MEMBERS 20% ahead of last year.
- President’s Circle members invest an additional $2,000 directly to REALTOR® Champions, giving NAR approximately $1.4 MILLION in REALTOR® Party funds beyond RPAC dollars.

**MOBILE APP**

WE LAUNCHED the REALTOR® Action Center mobile app that allows members to VOTE, ACT and INVEST from anywhere by:

- RECEIVING NOTIFICATION ALERTS FOR CFAs
- CHECKING ACTION ITEMS FOR REALTOR® PARTY ENGAGEMENT
- INVESTING IN RPAC
- KEEPING APPRISED OF STATE AND LOCAL ADVOCACY EFFORTS
- TRACKING HOW STATE AND LOCAL ASSOCIATIONS ARE USING NAR PROGRAMS TO BUILD POLITICAL STRENGTH
Championing Real Estate at the State and Local Level

MORE THAN 540 state and local associations tapped into GRANTS, totaling $674,000, supporting housing opportunity, diversity and smart growth.

1,200 REALTORS® trained in housing opportunity and smart growth classes.

252 State and Local Independent Expenditure campaigns.

69 REALTOR® candidates supported with Independent Expenditures.

262 direct mail campaigns.

2.78 MILLION pieces of mail.

1.28 MILLION phone calls.

48 ISSUE MOBILIZATION GRANTS.

More than 4,000 RESOURCES.

MORE THAN 6,000 NEW BROKERS and their agents added to the Broker Involvement Program.

More than 17,410 BROKERS with 452,089 agents in the Broker Involvement Program.

Inaugural real estate broker conference held for broker owners and principal brokers.

Mobile texts sent to 30,000 REALTORS® regarding important advocacy issues.

State and Local Independent Expenditure campaigns for new brokers and their agents added to the Broker Involvement Program.
NAR remains the dominant real estate voice across all media. Whether the story is about the value of homeownership, public policy affecting real estate, real estate trends and data, or REALTOR® value, NAR is truly “The Voice for Real Estate.”

HOUSELOGIC—more than 100,000 REALTORS® took advantage of the resources available on HouseLogic’s REALTOR® Content Resource.

HOUSELOGIC HELPS REALTORS® MAINTAIN AND SUSTAIN CONSUMER RELATIONSHIPS THROUGHOUT THE HOMEOWNERSHIP LIFECYCLE.

REAL ESTATE TODAY RADIO
- Show runs in the top million media markets
- 25 media markets
- 200 stations
- 7.5 million cumulative monthly listeners

BILLION IMPRESSIONS generated in 2013—a publicity value of $50 million

60
THE NATIONAL ASSOCIATION OF REALTORS® provides our members with cutting-edge research that captures real estate's broad impact on our members, our communities and our national economy.

New studies released by NAR research in 2013 include:

HOME BUYERS AND SELLERS GENERATIONAL TRENDS REPORT
Identifies the generational differences of home buyers and sellers in the current real estate marketplace.

PROFILE OF BUYERS’ HOME FEATURE PREFERENCES
Examines buyers’ preferred features when purchasing homes, including regional preferences.

DIGITAL HOUSE HUNT
Google and NAR’s collaboration to uncover digital media usage trends and insights among today’s home shoppers.

PROFILE OF REAL ESTATE FIRMS
Survey of firm executives who are members of the National Association of REALTORS®, which provides insight into the business characteristics, business activity, franchised firms, benefits and education at firms, as well as firms’ future outlook.

BUILDING THE REALTOR® BUSINESS ADVANTAGE
The National Association of REALTORS® worked to ensure member access to a wide array of benefits, business tools, educational opportunities and discount programs designed to help members succeed in 2013.

REALTOR.COM®
The National Association of REALTORS® Board of Directors made a critical, forward-looking decision to make realtor.com® more competitive in the online market space. Their decision reaffirmed NAR’s commitment to making realtor.com® the first and best online destination for home buyers and sellers.

Realtor.com® will emphasize the value of using a REALTOR® when buying, selling or investing in real estate and provide tools to help consumers identify agents who are REALTORS®. After the board vote, realtor.com® reported a 22% increase in unique views to the site during the third quarter of 2013, compared to 2012.

THE BOARD RECOMMENDED AMENDING THE SITE’S OPERATING AGREEMENT, ENABLING REALTOR.COM® TO:

DISPLAY UNLISTED NEW HOMES AND NEW HOME CONSTRUCTION
DISPLAY UNLISTED RENTALS
OBTAIN LISTINGS FROM ENTITIES NOT OWNED AND CONTROLLED BY REALTORS®, AS WELL AS FROM BROKERS WHO ARE NOT REALTORS®

NAR Shapes the Online Consumer Experience

Defining our Destiny
Creating Member Benefits for Today & Tomorrow

REALTOR®
The next evolution of the Internet has begun, with hundreds of new domains soon to appear online. NAR has applied for the .REALTOR® top-level domain, with the goal of making it the most trusted and valued source in the real estate industry. As consumers increasingly turn to the Internet, it’s crucial that REALTORS® increase our online presence and take advantage of the new domain to strengthen the REALTOR® brand for NAR members, who will be able to register their own names to leverage their online branding.

Second Century Ventures (SCV), the strategic investment arm of the National Association of REALTORS®, launched the REach™ technology accelerator program to bring the latest innovations to the real estate industry. REach™ partners with early stage companies that have innovative technology solutions and engages with members to help those companies shape their products and services for their businesses.

The REALTOR® domain extension will be available to:

1,000+ COMPANIES in pipeline actively monitored as candidates for SCV and REach™.

7 COMPANIES chosen for inaugural REach™ class from over 130+ APPLICATIONS.

600 MEMBERS joined REach™ Insight Panel to provide feedback and help shape the companies’ products and services.

30,000 MEMBERS have used REach™ company products and services.

THE NAR FAMILY OF INVESTMENT COMPANIES CONTINUES TO PROVIDE INNOVATIVE TOOLS FOR MEMBERS
NAR and SCV invest in companies that provide innovative solutions for the real estate industry. Our commitment not only helps them continue to improve their product and service offerings and create innovative new ones; it also lets members know they can rely on them as part of the NAR family.

THE NAR FAMILY OF INVESTMENTS CURRENTLY INCLUDES:

- DocuSign
- zipLogix
- move
- Symform
- Xcelligent
- ifbyphone
- planwise
- RPR

NAR INVESTS IN CUTTING-EDGE TECHNOLOGIES
Second Century Ventures (SCV), the strategic investment arm of the National Association of REALTORS®, launched the REach™ technology accelerator program to bring the latest innovations to the real estate industry. REach™ partners with early stage companies that have innovative technology solutions and engages with members to help those companies shape their products and services for their businesses.
THE REALTOR BENEFITS® PROGRAM
Your Official Member Benefits Resource

Providing NAR members with discounts and special offers on products and services from more than 30 industry-leading companies that understand the unique needs of real estate professionals and are committed to your success.

NEW PARTNERS WELCOMED TO THE REALTOR BENEFITS® PROGRAM:

PARTNERS WHO EXTENDED AND/OR EXPANDED THEIR OFFER TO REALTORS®

MORE THAN 800,000 members took advantage of the program in 2013.

3.1 MILLION MEMBER experiences created in 2013.

NAR REALTOR BENEFITS® PROGRAM Facebook page launch.

REALTORS® INSURANCE MARKETPLACE
View options available in NAR’s private exchange and public exchanges in one place. Compare plans with the help of licensed benefits specialists.

RACKSPACE

FEDEX

CHRYSLER

LOWE’S

IMPROVING

Liberty Mutual

Enroll in the plan that best meets your needs.

NAR HOSTS THE PREMIER GATHERING OF REAL ESTATE PROFESSIONALS

THE 2013 REALTORS® Conference & Expo in San Francisco last November drew real estate professionals and their guests from around the world. The dynamic program offered speakers and educational sessions to help members become more successful and stay fully informed on opportunities and challenges in their markets.

22,500 TOTAL ATTENDEES (REALTORS® and guests)—highest attendance since 2007.

6,136 TOTAL USERS for new Annual Conference app.

30,500 LIKES on Conference Facebook page.

10,800 FOLLOWERS on Twitter (@narannual).

361 TRADE SHOW EXHIBITORS

CONFERENCE LIVE the virtual window into the REALTORS® Conference & Expo experience, had the most visitors in its history. CONFERENCE LIVE visits increased 91% to 29,239 in 2013.
NAR officially launched the MRP certification to educate REALTORS® about working with U.S. service members, their families and veterans to find the housing solutions that best suit their needs and to take full advantage of available benefits and support.

Recognizing the variation between markets and personal interests, REALTOR® University offers more than 400 hours of specialized online courses. Because these courses are offered online, brokers and their agents can complete them at their own pace, earning continuing education credit at no additional cost for nearly all designation and certification courses offered online.

Expanded to seven events in 2013, this one-day technology conference, hosted by NAR, gives attendees the chance to learn about cutting-edge technologies that are changing the real estate industry.

State and local REALTOR® associations compete to bring NAR Tech Edge events to their areas.

NAR speakers and local technology experts present sessions on mobile marketing, online reputation management, Google and cloud computing, content strategy, social media, photo and video importance, and much more.

All courses are tablet-friendly.

45% of students access their courses on tablet devices.
In 2013, NAR expanded its reach around the world by signing cooperation agreements with:

- The Institute of Professional Auctioneers & Valuers in Ireland
- The Federation of Ecuador Real Estate Professionals

NAR gives REALTORS® an extensive global network for referral opportunities by maintaining partnerships with 80 associations in 60 countries.

This was a hallmark year for the Certified International Property Specialist (CIPS) designation. By earning the prestigious CIPS designation, REALTORS® can open the door to a world of opportunity:

- REALTOR BENEFITS® partner Xceligent, launched a new commercial real estate listings website. CommercialSearch.com has more than 400,000 property listings nationwide and formed a new partnership to power the commercial real estate search function of realtor.com® and provide additional exposure to REALTOR® members’ commercial real estate listings.

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$155
TOTAL 2013 DUES AND ASSESSMENTS

$35
Consumer Advertising Campaign (2,000 annual television / 5,000 annual radio spots, promoting REALTORS®, homeownership and real estate investment)

$40
New REALTOR® Party Advancement Initiative (targeted state and local real estate and homeownership advocacy)

$22
Government Affairs, Political Affairs, Economics & Research, Regulatory Affairs, RPAC and Consumer Communications

$23
Second Century Initiatives: REALTORS® Property Resource®, HouseLogic, Real Estate Today Radio, .REALTOR® domain, Commercial (eProperty Data)

+$36
The remainder of NAR’s services (Legal, Member Communications, International Policy, Commercial, Education, Marketing, Affinity Partners, Business Specialties, Wholly Owned Subsidiaries, Center for REALTOR® Technology)

BREAKDOWN OF HOW NONDUES REVENUE IS USED:

- $33
Gross nondues revenue (rent, interest income, royalties, ad sales)

- $21
Cost of producing revenue

- $12
Net income from nondues revenue

- $12
Association leadership and governance: midyear meetings, annual convention, leadership summit, committees, officers / leadership costs, special meeting costs

$0
Total paid by members for leadership and governance

Note: $33 is a per-member representation of nondues revenue.