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FALL 2013

REALTOR.ORG/RAE

Associations renew focus on political, educational, promotional, and new facets of ...

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REALTOR®AE FALL 2013

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The RAE editorial board reviews each issue and provides critical feedback, proposes story ideas and industry contacts to interview, and stays in touch with fellow AEs nationwide to scout out new programs and products to share with the AE community. To join the editorial board, write an article, or contribute information, e-mail Carolyn Schwaar at cschwaar@realtors.org.



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AEC Chair



Mark Allen, RCE, CIPS, CRS. is CEO of the Minneapolis Area Association of REALTORS®. Contact him at 952-988-3134 or marka@mplsrealtor.com.

MORE ONLINE

Visit the AE Committee page at REALTOR.org for more on AEC activities in 2014.

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Consumer Priorities

t seems my title has changed this year to Consumer Engagement Officer (CEO) because that has been a high association priority for my 2013 president. And judging from my conversations with other AEs over the past couple of years, consumer engagement is a priority for many of us.

Consumer engagement can fall into one of several related buckets:

1. Informing consumers about housing market conditions

2. Informing consumers about the home buying and selling process

3. Engaging in consumer research to benefit **REALTORS®**

4. Engaging consumers in public policy advocacy

5. Empowering and recognizing REALTORS® for community service

At my association we've enjoyed some components of consumer engagement success in advocacy, media, public affairs, and community involvement. But there is much more to be accomplished and we are just finding our way in other aspects of consumer engagement. Fortunately, there is help on the horizon.

This year the AEC activated the Consumer Engagement Work Group to identify strategies and best practices that local associations can implement for greater consumer engagement and outreach. The group will create a how-to resource guide that utilizes NAR consumer engagement tools and resources, all focused on benefitting REALTORS® in their business lives (see p. 14).

The work group gathered the components for best practices and a how-to resource guide and collected information and examples of successful

programs or initiatives from associations across the country. The programs and initiatives fall under these three categories:

- Education: Educating consumers that REALTORS[®] are their real estate and community resource.
- Advocacy: Conducting research and building consumer support for real estate issues.
- Market Information: Empowering REALTORS® and REALTOR® associations to be the source for local market information and trends.

Thank you to Ginger Downs, the chair of the Consumer Engagement Work Group, along with vice chair Steve Klaniecki, for leading the effort.

And now on to 2014

As we approach year end, I want to thank all of you for the privilege of serving as your AE Committee chair. I have had the good fortune to work alongside Andrea Bushnell, AEC vice chair; her skills and attributes will serve us well in 2014.

I offer a huge thank you to Cindy Sampalis, managing director of the Association Leadership Development department. Her wealth of knowledge, dedicated effort, guidance, and especially patience are greatly appreciated. Like we are to our respective association presidents, Cindy was all that and much more to me. And thank you to the entire Association Leadership Development team; you are extremely talented, a joy to work with, and invaluable to all we accomplish within the AE community.

I look forward to seeing you all in November.

- Mark Allen, 2013 Chair, AE Committee

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Briefing

By Carolyn Schwaar



Associations Test Drive New Member Ratings Program

From Angie's List and Yelp to TripAdvisor and Amazon, Web sites that rate and review are what consumers crave. Americans today rarely buy something, dine somewhere, or hire someone who hasn't been thoroughly assessed, graded, and starred.

Real estate agents are not immune, although reliable rankings have been difficult to find. Complaints over review sites that are open to the public point out that the reviews could be written by anyone. Then there are the sites that sell high ratings or charge agents to remove fabricated customer complaints, including one that NAR's legal department recently worked to shut down, REALTOR-complaints.com. Another site, agentratings.com, has been attracting complaints from agents who say the reviews are fake.

Where are members to turn?

The NATIONAL ASSOCIATION OF REALTORS[®], through its subsidiary, the Center for Specialized REALTOR[®] Education, has stepped in to test a rating program based only on client reviews. Called the REALTOR[®] Excellence Program, it aims to deliver not only public ratings (if the agent wants them public) but also customer service evaluations on a range of areas to be used internally by brokerages to boost agent performance and reduce legal liability.

The program has been underway at about 24 REALTOR[®] associations since spring. It is subsidized by NAR and local associations (but free to members) and operated by Quality Service Certification Inc., a Californiabased real estate technology company with more than a dozen years of experience evaluating agents using a customer service survey method and offering its Quality Service Certified professional designation.

Prudential Starck, REALTORS[®], member brokerage of the Mainstreet Organization of REALTORS[®] in Illinois, is making participation in the REALTOR[®] Excellence Program mandatory for its 450 agents in 12 offices. "Everybody's got to get surveyed to keep it pure," CEO Andrew Starck told the *Chicago Tribune*. "It can't be doctored or tempered. We're not afraid of a bad review. The way we positioned it was, we want to know how we're doing so we can get better."

You can't run from ratings

According to QSC CEO Larry Romito,

three major forces are driving interest in a program like the REALTOR® Excellence Program: consumer demand for ratings, the growing number of real estate agent rating sites already out there, and broker demand for heightened professionalism.

"There are real positives that came out of transparency and accountability," says Romito. "The visibility of feedback both internal and external makes people behave better." For example, NAR's member profile shows that only I out of 5 sellers (I out of 4 buyers) is contacted by his or her REALTOR® after the sale. Romito says; "When we partner with agents, 90 percent of them follow up with clients after the sale."

When a brokerage or agent opts into the program, QSC automatically generates and sends customer satisfaction surveys to REALTORS[®]' clients once the transactions close, then compiles the resulting data on a password-protected system where the brokerage can view survey results, ratings, and comments from clients. Consumers can see survey results on RatedAgent.com only if the agent opts to make them public in an all-or-nothing option—the good reviews with the bad.

RatedAgent.com, which has been live since early 2012, also lists in its "Find an Agent" database agents who have not yet been rated (or haven't made their reviews public) but have earned the company's Quality Service Certification professional designation.

For more on the program and joining the charter group of participants, contact *Info@ QualityCertified.org* or call 888-547-4772.

REALIORS[®] insurance marketplace

NAR Program Helps Members Find Health Insurance

The NATIONAL ASSOCIATION OF REALTORS® in May introduced the REALTORS® Insurance Marketplace, a one-stop shopping site just for members, featuring a full roster of insurance plans and products. Offerings include a major medical health insurance marketplace, a short-term health insurance plan, a limited liability supplemental health insurance plan, a dental plan, a free prescription drug savings card, and helpful links to additional insurance plans that offer savings to NAR members.

Just in time to meet the 2014 deadline of the Affordable Care Act that mandates that all Americans have minimal major medical coverage or pay a penalty, the Marketplace not only offers plans that qualify but offers personal advice and guidance on meeting the ACA requirements. A toll-free phone line is staffed with licensed insurance specialists who have expertise in the Act's mandates.

The Health Insurance Marketplace (also called a Health Insurance Exchange) is a mini Web site within www.RealtorsInsurance Marketplace.com, where NAR members can compare major medical plans, obtain quotes, and purchase health insurance directly online. Based on the geographic and demographic information that members provide, the Marketplace will provide a snapshot of the health insurance plans available.

REALTORS® Insurance Marketplace is powered by SASid (Smart and Simple insurance development) through the REALTOR Benefits® Program. To spread the word to your members, download banner ads, flyers, and other materials at www.RealtorsInsurance Marketplace.com/ae/.

Who Will Control .MLS Domain?

The Canadian Real Estate Association seemed like the clear front-runner to win control of the .MLS top-level domain being introduced by the Internet Corporation for Assigned Names and Numbers, which is responsible for the coordination of the Internet's systems of unique identifiers. After all, CREA has registered Canadian certification marks for the letters MLS and the term "multiple listing service" in Canada. Plus, the MLS Domains Association, a nonprofit group of 55 U.S. multiple-listings services backs CREA's application. Yet in July, ICANN issued a statement that "the expression 'MLS' is a generic term for 'multiple listing services' and is used as such in English-speaking countries," and that just because CREA holds the certification mark in Canada shouldn't prohibit the use of the term MLS worldwide. CREA now has to compete with Afilias Ltd., a Dublin, Irelandbased top-level domain registry service, for management of .MLS. A final decision on .MLS is expected from ICANN in 2014.

Finally, a Site that Collects the Best Real Estate Apps

The NATIONAL ASSOCIATION OF REALTORS®' Center for REALTOR® Technology launched the Web site REpurposed Apps: Your Mobile Real Estate Community (www.repurposedapps.com) in May. The site is a cool new place for members and AEs to recommend and rate apps for iPhone and Android. Users can log in with their NRDS ID and browse apps by category, see what others recommend and why, and check out the app's specs and ratings from the iTunes Store and Google Play store. CRT envisions real estate user reviews of thousands of apps along with categories planned for editor's choice, most popular, and apps for state and local associations.

MAR Mentor Program Aims to Keep New REALTORS[®] from Leaving the Business

The Massachusetts Association of REALTORS®' 2012 member research study held a surprise: Most members who were in the business for just one to three years didn't see themselves in real estate in five years. A career retention rate so low affects professionalism, customer service motivation, and even the future of the association.

MAR's solution is the My Mentor Program. Each month, the newest members are pulled from the database and given the first of more than a year of monthly communications. "For 13 straight months, these new members receive information, tools, videos, and other resources to help them succeed in business and understand that the REALTOR[®] association is available to help," says Eric Berman, the association's communications director. There's also a dedicated mentor Web page with all the information sent to them along their journey (*mentor.marealtor* .com).

And what's a mentor program without an actual personal mentor? "Members of the mentor committee, along with leadership, will personally reach out to individuals upon request to help with specific problems," says Berman. The program was launched in May

and has reached more than 5,500 new members. "We have not received open rates as high (35 percent each month consistently) for any other program or communication to date." For more information, contact Berman at 781-839-5507 or *eberman@ marealtor.com*.





NAR PROGRAMS, PRODUCTS, & INITATIVES



RPR signs MRED, Expands Coverage

Chicago-based Midwest Real Estate Data signed on with REALTORS Property Resource® in July to integrate its listing data with RPR's national database of more than 160 million properties.

"At MRED, we strive to offer technological solutions to our customers that not only provide them with enhanced property information but simultaneously promote professionalism to their clients and prospects," MRED CEO Russ Bergeron said in a statement. "RPR fits the bill on both counts."

A total of 550 MLSs, associations, and commercial information exchanges representing 75 percent of REALTORS® have licensed their data to RPR.

New property valuation tool rolled out

RPR also announced that its new property valuation tool—the Sales Comparison Analysis and Valuation Workbook—is out of beta testing and available to all members across the country.

This new tool is designed to help members create in-depth reports—beyond a typical CMA—using neighborhood trends. The five-step process begins with confirming or adjusting the facts of the subject property and then searching for and selecting comps. After adjusting and weighting the comparable properties, RPR generates a Sales Comparison Analysis result that summarizes the valuation analysis and range for the property. At this point, the user generates a Valuation Workbook—a rich report on the facts and trends that support the comparison analysis.

For more information, visit blog.narrpr.com. ■



REALTOR® associations can download "Sidelines" consumer campaign ads, posters, and more at *REALTOR.org* and customize the materials to their local market with the NAR ad generator.

New NAR Consumer Advertising Campaign

The NATIONAL ASSOCIATION OF REALTORS®' Consumer Advertising Campaign (formerly the Public Awareness Campaign) has launched "Sidelines," the second in a series of commercials on the new market momentum; it's advertising that encourages potential home sellers to take advantage of the opportunities in today's market. These latest commercials reassure hesitant sellers about favorable market conditions in many areas of the country.

In addition to the TV and radio ads that will run as part of NAR's national media buy, the campaign includes print and digital materials for use by local associations and members. To access more materials and past campaigns visit, *REALTOR.org/pac.nsf/pages/ pachome.*

NAR Program Encourages Associations, Members to Take Lead in Community Revitalization Projects

INTESTED

NAR's new Placemaking Initiative provides technical and financial assistance to help REALTOR[®] associations and their members initiate local revitalization activities.

Placemaking is a strategy to make communities better places to live and work by transforming public spaces into more vibrant community places. The goal is to beautify the community and strengthen the sense of place—capturing and celebrating the geography, history, culture and lifestyle that make a community unique. As a place becomes more desirable and welcoming, properties around that place increase in value.

Examples include turning a parking lot into a farmer's market, cleaning up litter, planting flowers, installing benches, and launching temporary businesses called popups in vacant storefronts.

The centerpiece of the initiative is the *Guide to Transform a Public Space into a Community Place*, which details what placemaking is, the kinds of projects placemaking entails, how to organize those projects, and where to go for assistance and resources. A series of webinars launched in October with "How to Build a Better Block," which detailed how a group of community stakeholders and volunteers made visible, temporary changes to a downtown area to envision what it could become in the future.



More instructional webinars are planned for 2014, along with presentations at NAR's 2013 Conference & Expo in San Francisco and other events.

Funding for placemaking projects is available through NAR's Smart Growth Action Grants. For more information, contact Holly Moskerintz at *hmoskerintz@realtors.org* or go to *www.realtoractioncenter.com/placemaking*. New York Times Bestseller

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NAR Introduces Military Relocation Professional Certification

State REALTOR[®] associations of Guam, Texas, Colorado, and South Carolina were the first to sponsor the new Military Relocation Professional (MRP) certification core course for their members. Developed by the NATIONAL ASSOCIATION OF REALTORS[®] Center for Specialized REALTOR[®] Education, the certification is intended to demonstrate REALTORS[®] commitment to helping armed service members find housing solutions that best meet their needs and allow them to take full advantage of their military benefits.

"Home ownership is an important part of the fabric of America, and having a stable home environment is vital when men and women of the military are called away to serve their country. Working with a REALTOR[®] who understands specific needs and timetables related to military service will help make their transfers easier, faster, and less stressful," says NAR President Gary Thomas.

The course curriculum includes one daylong live class and two one-hour webinars on topics from understanding military benefits to working with active-duty military buyers and sellers and with veterans. A portion of the \$195 application fee will be donated to a service organization that assists veterans with housing.

An online version of the daylong classroom course will be introduced this fall and is expected to become certified for continuing education credits in early 2014. Members can also take the MRP Core Course at the 2013 REALTORS[®] Conference & Expo in San Francisco.

Associations can also earn nondues revenue by becoming a REALTOR[®] University affiliate (at no cost) and providing a link on their Web site to the certificate course. For more information on nondues revenue, contact Colleen Ryan at *cryan@realtors.org*.

For more information on sponsoring the certification course at your association, contact Dawn Headtke at *dheadtke@realtors* .org. Also visit www.militaryrelocationpro.org for more details on the certification.

Pinellas Returns to Print Newsletter

Many members of the Pinellas REALTOR® Organization in Florida were not happy to see their association discontinue its print magazine two years ago in favor of an e-newsletter, but they understood how technology was changing communications. After all, e-mail is much cheaper and faster and could link readers to all sorts of other resources. The e-newsletter would reach more members, and more members would be informed, the association thought. But that's not what happened.

"We regularly looked into the

analytics of our e-mail program and were getting between a 20 percent and 28 percent open rate on our weekly e-mail communication," says Kim Sonefeld, communication and marketing manager. "Those numbers were far lower than anticipated. We wanted to reach as many members as possible, and missing out on roughly 70 percent of our members wasn't acceptable to us."

PRELLAS FEATURE

PROView Monthly

So in August, Pinellas brought back its print magazine after the board of directors unanimously voted it was worth the money, says Sonefeld. "It costs about 62 cents per issue and that includes printing, mailing services, and postage. We use non-dues revenue to pay for it, and we're getting ready to offer advertising opportunities to help us offset those costs."

Sonefeld expects the combination of a weekly e-newsletter and a monthly print newsletter to dramatically boost the association's reach.



The San Antonio Board of REALTORS® received the 2013 Volunteer of the Year Award in the Corporate-Small Business category from the San Antonio United Way. SABOR was honored for its work, and that of its members, assisting the community's homeless.

AE Events at National Conference

REALTORS Conference & Expo Global Reach, Local Focus

November 8-11, 2013 • SAN FRANCISCO

More than 18,000 members and guests are expected to attend the REALTORS® Conference & Expo in sunny San Francisco, November 8-11. The general session speaker is former U.S. Secretary of State Hillary Rodham Clinton. The celebrity concert features Foreigner and you can visit the NAR booth to meet Penn & Teller. The education and motivational offerings at the gathering are designed to help REALTORS® make the most of the current market and gain an edge over the competition. There's also plenty of programming just for AEs, including these highlights:

- REALTORS[®] PAC Management System Training (By Invitation Only), 8:30–10 a.m., Thursday, Nov. 7.
- RAMCO Demonstration, 9–11 a.m., Thursday, Nov. 7.
- Communication Directors Institute
 (advance enrollment required, ticketed
 event), 9 a.m.-4 p.m., Thursday, Nov. 7.
- NAR 360 (formerly the Member & Director Update), 4–5 p.m., Thursday, Nov. 7.
- Inaugural Gala (ticketed event), 6–10 p.m., Thursday, Nov. 7.
- Federal Issues Update, 7:30-8:30 a.m., Friday, Nov. 8.
- Association Executives Committee/ Forum, 9–11 a.m., Friday, Nov. 8.
- Association Management Roundtables, 9–11 a.m., Saturday, Nov. 9.
- Multiple Listing Issues and Policies Committee/ Forum, 9 a.m.–12 p.m., Saturday, Nov. 9.
- AE YPN Meet-Up, 2–3:45 p.m., Saturday, Nov. 9.
- RCE Leadership Luncheon (ticketed event), 11:15 a.m.-12:45 p.m., Sunday, Nov. 10
- Board of Directors meeting, 8:30–11:30 a.m., Monday, Nov. 11.
- Delegate Body Meeting, 1–2:30 p.m., Monday, Nov. 11.

For a complete online event planner, expo, and travel information visit, *REALTOR.org/conference*.

Florida AE Runs for Congress

Carol Platt, the association executive for the Osceola County Association of REALTORS[®], St. Cloud, Fla., is one of three candidates running in the Republican Primary for the 9th Congressional District. The winner of that race will face incumbent Democratic Congressman Alan Grayson of Orlando in the 2014 general election.

"If I am honored to earn enough Republicans' support in the primary, the differences between Congressman Grayson and me will be plentiful in record, views, substance, and style," Platt told the *Sunshine State News* in September.

Platt has already won her association staff and elected leaders' support for her campaign, which requires her to take a leave of absence in 2014. "I am so fortunate to have the encouragement of my staff," she says. "The fact that they are so good at their jobs allows me to run for Congress."

Platt sought the input of the association's board of directors before making the final decision to run. "They encouraged me and offered to stand beside me," she says. "That was the first of so many individuals and groups that have come forward to stand with me. I can't begin to



express how honored I feel and just how humbling this experience is."

Platt's district, which includes parts of Orange, Osceola, and Polk counties, is 43 percent Democrat; only 29 percent of registered voters are Republican—a challenge Platt will address with a grassroots, door-to-door campaign, she says.

Platt was previously appointed by Governor Jeb Bush to sit on the Polk Community College (now Polk State College) Board of Trustees. She is the former chair of the Florida Association of Community College Trustees' Commission. Visit her campaign Web site at *www.CarolPlattforCongress.com.*

AEs on the Move

Terrie Suit joined the Virginia Association of REALTORS® as CEO in September. Suit is a former member of the Virginia House of Delegates, with a long list of housing-related legislative credentials. She began her real estate career in 1985 as a REALTOR® before moving into real estate lending. In 1996 she was appointed to the Virginia Real Estate Board by then-Governor George Allen. In 2011, Governor McDonnell named Suit Virginia's first Secretary of Veterans Affairs and Homeland Security, a position she held until joining VAR.

The 2,100-member Hunterdon/Somerset Association of REALTORS[®], N.J., welcomed **Roxanne Daiuto** as its CEO in September. Daiuto has 21 years of experience in real estate and served as the association's president for the first part of 2013.



REALTOR® Party

Hula for RPAC

Raising more than \$17,000 for the REALTORS® Political Action Committee would be a success for any REALTOR® association, but for the 800-member Coeur d'Alene Association of REALTORS®,



Laura Hawxhurst is an RPAC fundraising associate at the NATIONAL ASSOCIATION OF REALTORS® in Washington, D.C. She can be reached at 202-383-7581 or Ihawxhurst@realtors.org.



Event: RPAC Fundraising Luau and Raffle



- When: June 20, 2013
- Total amount raised for RPAC: \$17,200
- Total grant from NAR: \$1,500
- Cost of the event (food, venue, prizes, etc.): \$1,550
- Attendance: 150

the accomplishment was particularly special.

For years, Coeur d'Alene had inconsistent success with raising RPAC funds. The association had few major investors and struggled in some years to meet its fair-share goal. Executive Officer Rick Vernon, RCE, said members tried a few fundraising ideas, such as a chili cook-off, with marginal success. They needed to increase participation in RPAC, and decided to "do something fun in order to make that happen," says Vernon.

Taking a chance, the Coeur d'Alene Association tried a fundraising raffle,* where the winners would be drawn at a luau and pig roast gala event. Vernon says he initially was worried that the upfront cost for prizes (including \$3,500 in cash, two iPad Minis, gift cards, gas cards, free homes magazine advertising, and a weekend hotel stay) might be a waste of

valuable resources if RPAC funds weren't raised. So, the association applied online for a \$1,500 RPAC Fundraising Partnership Program Grant.

In addition to funding the event itself, Coeur d'Alene needed funds to launch an education program to bring about a cultural shift among members to become more politically involved. This, in turn, would help the association in its support of pro-REALTOR[®] candidates.

A 12-member RPAC committee was put together to develop ways to boost members' political awareness.

Part of the association's new program was to have RPAC committee members make presentations at the monthly meet-

ings of local real estate offices. They emphasized the importance of contributing to RPAC and gave examples of how money that stays locally benefits members in their own backyards. "The members were enthusiastic and that showed in our increased participation levels," says Vernon.

The RPAC committee members visited the brokerage offices in luau attire (Hawaiian shirts, grass skirts, coconut tops) to promote the upcoming event. They sold about a third of the raffle tickets this way, yet not nearly enough to bring in the amount of money the association needed to reach its goal. E-mail blasts were then sent to the membership. After that, committee members made more face-to-face appeals. Before they knew it, they had sold more than \$16,000 worth of raffle tickets at \$100 each to benefit RPAC.

Tickets to the event were sold for \$20 each to members, their families, and other as an additional fundraiser.

The event, held June 20, was a huge hit with the membership. A local four-piece band with a REALTOR[®] lead singer took the stage for two hours of entertainment.

To further support the goal of cultural change among its members, announcements at the luau focused on what RPAC had done for them lately. Fliers



Instead of hula dancing, members attending the Coeur d'Alene Association's RPAC fundraising luau competed in a hula hoop contest.

and educational information were spread out on tables around the event space.

Although the event was a resounding success, Vernon says he will give himself and his staff more time next year in planning a similar event. "Education and ticket sales take time," he says. "Start planning this year for what you might want to do next year."

* Raffles are against the campaign finance laws of some states. Check with NAR's RPAC staff for guidance on alternative plans.

Hey Association Executives

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¹Promotion is available to referring members when three (3) new members join REALTORS[®] Federal Credit Union, a Division of Northwest Federal Credit Union between 9/1/13 and 12/31/13 and each new member provides the name and email address of the same individual referring him/her for membership. An individual may not refer himself/herself or his/her own business. Accounts closed and reopened are not eligible; must be member's first account with REALTORS[®] FCU. Visit www.REALTORSFCU.org for a list of eligible family members. Sponsoring members are not financially responsible for new members. Bonus will be credited to the referring member's personal or business primary checking account open and in good standing on the last business day of the month in which the requirements are met between 9/1/13 and 12/31/13.

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REALTOR® Associations Keep Members in the Public Eye

With the housing market beginning to percolate, many REALTOR[®] associations are considering whether now is the time to strengthen—or restart—their direct outreach to consumers.

By Masha Zager



Public outreach efforts are becoming a high priority for state and local associations. That's why the NATIONAL ASSOCIATION OF REALTORS[®] offers a variety of grants for initiatives, from housing fairs and home buyers' education to minority outreach efforts and public opinion surveys. For more, visit the new NAR Community Outreach Facebook page or search for "outreach grants" at *REALTOR.org*.

What is the return on investment for consumer-facing association programs? Do they really help build the REALTOR® brand and boost member business? Although reliable metrics are hard to come by, association executives who make an effort to keep REALTORS® in the public eye report positive feedback from members. Yet many associations still struggle with how to balance spending time and money on consumer-focused programs and outreach versus member-focused initiatives when time and resources are tight.

Building REALTOR® credibility

With the huge amount of real estate data now available online directly to consumers, some associations are refocusing more on consumer outreach to shore up the value of the REALTOR[®] brand.

"We have a lot of reasons behind why we're boosting our consumer outreach in the coming year," says Amanda Sue Piltz, director of technology for the Scottsdale Area Association of REALTORS[®]. "One is that other organizations and people are being quoted in the media more often than we are, and we want to reaffirm that SAAR is a reliable source for real estate information and as an advocate for homeowners. "The big project we're working on is a new consumer-oriented Web site called Scottsdale Homeowners that will focus on why Scottsdale is a great place to buy a home. This will also be a place where we can issue political calls to action and keep homeowners informed of anything in the community."

Scottsdale also recently launched a series of classes to turn members into experts on the big issues in the community. "The first in this series was our water summit," says Piltz, "which brought in experts on water policy to talk about the issues and answer member questions about the future of our water supply. We really believe with this specialized knowledge of the community, our members can become trusted advisers to their clients and be highly regarded in the community."

Directly educating consumers on housing issues also builds REALTORS[®] credibility with the public and Legislature, says Mary Antoun, CEO of the Maryland Association of REALTORS[®]. In addition to the association homebuyer education program, its two consumer-focused Web sites, *mdhomeprograms.com* and *marylandhomeowner ship.com*, give members a REALTOR®-branded place to refer clients for reliable information on homebuying, housing assistance programs, and avoiding foreclosure. These portals are also used, when needed, for issues advocacy.

At the Minneapolis Area Association of REALTORS[®], CEO Mark Allen believes he builds public confidence in REALTORS[®] with his association's public outreach program, which includes putting association leaders in front of consumers to talk about local housing market conditions via radio, TV, and print.

"They're recognized as the experts on what's going on with the housing market," Allen says. The association's weekly housing market statistics and analyses are quoted frequently in the media, and association leaders have become familiar faces on local TV stations.

MAAR no longer hosts housing fairs because of the labor involved but instead participates in fairs organized by local nonprofits, government agencies, and community groups. In addition to helping keep the public informed about housing issues, these events show how deeply REALTORS[®] are engaged in the community, empower association members in that engagement, and raise the public perception and value of REALTORS[®], Allen says. Though not all members take full advantage of this outreach, he says, "those who recognize it deeply value it."

Are consumers a core audience?

At the lowest point of the housing downturn, associations that lost members and saw shrinking budgets refocused efforts on programs and products that directly benefited members' businesses, such as training on profiting from niche markets, advising on home financing options, and stemming foreclosures. Consumer outreach programs were scaled back or halted because there was no budget, little perceived value, or no direct effect on members' businesses.

Today, however, many associations report a renewed effort on reaching out to con-Continued on page 14

Continued from page 13

sumers, in part due to NATIONAL ASSOCIATION OF REALTORS[®], new consumer outreach and advocacy focus. Last year, NAR launched a communications campaign using e-mails and browser ads to educate consumers about ways in which public policies affect home ownership in this country and began building a network of consumers to support homeownership issues. The campaign was part of NAR's larger consumer outreach strategy that uses national TV and radio ads, its consumer-facing "Real Estate Today" radio program and HouseLogic Web site, social media, and news stories to build a direct relationship with consumers on behalf of its members.

Time is now for brand building

Another impetus for boosting REALTORS[®] image and community involvement is timing. As housing markets recover, consumers need to know where to go and whom to trust for accurate information, says Marc Lebowitz, executive officer of the Ada County Association of REALTORS[®] in Boise, Idaho.

Lebowitz has worked to make his association's housing market data more accessible and relevant to consumers, not just members. After the housing market collapse, "there was real confusion in the community," he says. To help make sense of the situation, he offered consumers historical data, trends, explanations, and, eventually, charts. "We've grown it into something with credibility and good acceptance in the community," he says.

Associations slowly emerging from a program-austerity mindset are re-evaluating what programs and services will best position members for growth in the years ahead. Many associations recognized consumer outreach as a critical component in the future relevance to members.

"Our association identified REALTOR[®] and consumer advocacy as one of the three core services our association should provide to ensure our future value," says Clint Skutchan, RCE, CEO of the Fort Collins Board of REALTORS[®].

"As a part of our 2013 strategic action plan, we launched an umbrella campaign called Protecting Our Housing Future as means to broaden our impact in the community this year specifically, but with longer-term thoughts of how we can better foster relationships with the public," says Skutchan. The association's advocacy efforts include four pillars of consumer-focused activity: community involvement, investment in key organizations, discrimination of trustworthy local real estate information, and effective influence on local public policy.

Likewise, the Michigan Association of REALTORS® plans to reach out to consumers more in 2014. Since the association focuses heavily on advocacy, its political efforts directly affect the private property rights of consumers, says Joe Kras, MAR's manager of communications and marketing. "So consumers are an important part of our core purpose."

Another state planning to boost its communications with consumers is Illinois. When asked if his association believes communications with consumers is as important as with communications with members, Jon Broadbooks, director of communications, says the focus is shifting, especially in light of looming federal policy battles. "I do foresee that balance changing in the year ahead, and already we are taking steps to add more time to the consumer messaging."

"Promotion of the REALTOR[®] brand is all of our jobs," says Downs, who is chair of NAR's Association Executive Committee work group on AE Consumer Engagement (*see sidebar*). "We can appreciate, however, how associations may broach the responsibility in one of two ways: either by direct consumer outreach or by equipping their members to have the knowledge and tools they need to promote themselves. Either way can be effective, but in both cases it's important to research, test, and adjust to be sure the right methods and tools are available and in place."

New Consumer Engagement Tool Kit

The Association Executives Committee Consumer Engagement Work Group has been developing an online database of best practices for consumer outreach by state and local REALTOR® associations that you can use to strengthen your association's consumer engagement in your community.

"As a member of this work group, I have the opportunity to see many of the consumer outreach programs the local and state associations have developed," says Steve Klaniecki, communications director for the Washington Association of REALTORS[®], and work group vice chair. "These programs are creative and inspiring and I want to copy all of them for my association. Consumer engagement is much broader than I had envisioned, including research projects, economic development, advocacy, community involvement, ambassador programs, community service, housing fairs, and working with local housing authorities."

Associations are also invited to submit their consumer engagement programs in education, advocacy, or market information for the tool kit by sending a program brief to Cindy Sampalis at *csampalis*@ *realtors.org*. The resource tool kit is expected to be available on *REALTOR.org* in November.

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MLS ma

Challenging the Online Home Search Goliaths

Can local MLSs launch public-facing listing portals that compete with the major home sites?

By Carolyn Schwaar



he San Francisco Association of REALTORS[®] used to list classes, events, and volunteer opportunities for members on its Web site, *SFRealtor.com*. Today, however, the same site is a real estate listing portal. REALTOR[®] associations in Charlotte, N.C., and elsewhere recently made the same move.

These sites offer local consumers what associations say is a more accurate and more complete alternative to the larger listing aggregators, such as Zillow, Trulia, and Homes.com. Plus, they say, they're offering members what they want: a locally focused platform that will display only REALTOR[®] listings without competing advertising and that won't sell leads.

But in today's online real estate environment so dominated by mega real estate media sites—and countless startups in the wings—how can local associations compete?

Addressing a need

"I believe that by providing this [public listing portal], we're giving our members an edge in the business and saving them some money," says Walt Baczkowski, CEO of the San Francisco Association of REALTORS[®], which operates it own multiple listing service. "I feel there's a need for a site that isn't going to charge or gouge members. We'll never charge members to put their listing up, and we won't accept advertising from REALTORS[®], franchisers, or brokers."

The advantage over the aggregators, which Baczkowski plans to market with advertising and through members, is real-time listing updates. "The aggregators can be 24 to 48 hours behind in updating, and that's significant in a hot market like ours," he says.

SFRealtor.com overcame many of the steep financial hurdles that come with launching a sophisticated listing portal because it's built on a new free platform offered by Pointz Technologies. Like the competition, the site features a trove of data in addition to listings, including neighborhood descriptions, crime stats, geohazards, school dis-

trict boundaries, and property record information. Plans are to include videos and data feeds from other Bay Area communities and to offer the site in Cantonese and Mandarin.

"My brokers are 100 percent behind me because they're spending lots of money on these other sites," Baczkowski says. "The whole idea is to work together and quit sending our data to the aggregators."

Baczkowski recognizes the irony in his stand against the aggregators. As former vice president of Point2, which is also a listing syndication hub, Baczkowski helped build the nationwide network of MLSs that now enables tens of thousands of agents to feed listings directly to Zillow, Trulia, and others.

"I believed at that time that there needed to be a way for agents and brokers to get their property information out online because no one knew where consumers were looking," he says.

These days, Baczkowski believes the multibillion-dollar megasites are serving neither the consumer nor the agent. "If you search on Zillow or Trulia and find a listing that matches a consumer's exact requirements, paid listings come up first. I don't believe that's right for the consumer. I don't believe it's right for the agent when another agent's

"I believe that by providing this [public listing portal], we're giving our members an edge in the business and saving them some money."

-Walt Baczkowski, CEO, San Francisco Association of REALTORS®

picture pops up next to his listing."

Other MLS-run listing portals have been born out of the same frustrations with the megalisting sites. One new site in Tennessee employs a userfriendly search platform powered by Solid Earth Continued on page 18



The front page of the San Francisco Association of REALTORS[®] Web site (*above*) focuses on on offering consumers a home search tool. Members log into a seperate site via the link at the top of the page.

Continued from page 17

with the goal of directly challenging Zillow and Trulia.

Solid Earth launched its new MLS public portal platform, called Spring, earlier this year in response to a growing dismay among brokers with the aggregators, says Bill Fowler, the company's chief marketing officer. "These companies have disintermediation as their business model. Agents may not see the big picture."

Spring is a listing data platform and public portal in one—as opposed to older technologies that build public search tools onto MLS participant-only listing data systems. "A public portal is merely a new shift in what a real estate data platform is," says Fowler. "As these lines begin to blur, the MLS will not be different from the public side portal. The professional and the consumer will be under one roof."

"We're absolutely at the forefront of a new movement to empower MLSs," Fowler says. "Solid Earth is a major champion for the validity and urgency of the MLS-produced public portal."

The battle for local home buyers online

"To beat the aggregators in your own market, you've got to be better," says Bob Hale, CEO of the Houston Association of REALTORS[®]. It's a difficult task in most markets, but Houston's robust listing site, HAR.com, attracts more unique visitors per month than Zillow, Trulia, and realtor.com[®], Hale says.

The key to its No. 1 ranking, Hale notes, "is ensuring that brokerages work with the MLS to build the best product."

According to a recent Houston member survey, 97 percent of members say the most valuable thing the association does for them is run HAR.com. The site will relaunch at the end of this year with even more tools for consumers, including rental listings, data feeds from other Texas MLSs, and the ability to let buyers link their HAR.com accounts with that of their real estate agent's. "I want to replicate HAR.com in each or our markets," says Fowler. "Bob Hale is our Lewis and Clark."

Yet Hale admits that keeping up with the aggregators is challenging. "It's not just about having the listings anymore," he says. "Zillow and the others — they've got lots of cool stuff, and listings are just one of the things they offer."

Trulia recently added natural disaster risks and rental fee comparisons to its data trove. Zillow added a mortgage education center featuring articles on everything from the basics of borrowing to underwater financing. But as Baczkowski notes, "all the information in the world about a property is useless if you're not connected to the person who can show it to you."

If you build it ... will they come?

For most MLSs, the financial and technical hurdles to launching a competitive listing platform are high—even if the members want one, which in many cases, they don't.

"At every MLS in the country in the last 10 years, the question has been raised about having a public-facing MLS portal," says Bob Bemis, veteran MLS executive and former vice president at Zillow. "Some launched and quickly closed in spectacular fashion, others stuck and stagnated, others flourished. I don't know of any market that has bet against a public portal that then changed its mind."

"There are simply places where [public portals] will not happen, but we're reaching a point now where our argument is more convincing."

—Bill Fowler, chief marketing officer, Solid Earth

From his time at Zillow, Bemis says: "There were a few MLSs considering taking back their listings from syndication and [running their own public-facing listing portal], but very few."

There are a variety of reasons. For one thing, local brokers might see a public portal as an unwelcome competitor to their own sites or to their expensive enhancements on the aggregator sites. Large brokers may oppose a local public portal on the grounds that it would level the playing field, reducing their competitive advantage over smaller companies.

"It's really important to deliver a reasoned ROI for a public portal in a loving way," says Fowler. "There are simply places where [public portals] will not happen, but we're reaching a point now where our argument is more convincing."

Nonproliferation of listing data

Although Baczkowski doesn't feed data from his MLS to Zillow or Trulia, he doesn't stand in the way of members who want to. However, the association is planning an education campaign to persuade members to rethink that strategy.

And Baczkowski isn't alone. "MLSs in a few markets are realizing that they should rethink their hands-off syndication strategies," Bemis says. "They're thinking that they owe a duty to MLS participants to help them navigate the syndication landscape."

"I feel the discontent around the diverting of leads growing. I think the industry is starting to wake up to that."

-Saul Klein, senior vice president, Point2

Today, MLS participants can upload their listings to dozens of sites, which often republish the listings to even more sites. MLS participants often don't understand how their listings appear online in the variety of places that they do, says Baczkowski.

Syndication confusion is the reason more associations and MLSs are offering classes for members about how—and whether—to syndicate listing data. The classes also cover the types of advertising and premium programs the aggregators offer.

Midwest Real Estate Data, one of the nation's largest multiple listing services, was the first to partner with Trulia this year on its new "Shared Success Program," which provides guidance to agents on how to get the most out of Trulia's local and mobile ad platforms and suite of membership plans.

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The front page of the Houston Association of REALTORS[®] Web site (*above*) features its home search tool that attracts more unique visitors a month than Zillow or Trulia.

Many MLSs and brokerages see syndication as a part of standard industry practice today and feel that there's no way to put the genie back in the bottle. Recently, Bay Area Real Estate Information Services signed on to provide Zillow with a direct listing data feed that also will automatically populate Yahoo! Homes, Google Now, HGTV's FrontDoor, and HotPads. Their strategy is to make sure all online outlets have the most accurate data and that participants understand their options.

Yet, as more companies profit from business models built around agent listing data, agent resentment grows, says Saul Klein, senior vice president of Point2. "I feel the discontent around the diverting of leads growing," he says. "I think the industry is starting to wake up to that. I think brokers are starting to wake up."

Earlier this year, in response to broker and MLS concerns, Point2 enacted restrictions on how the megaaggregators can use the listing data it feeds to them from agents and brokerages.

Klein says the new rules stipulate that a listing must prominently display the listing broker and agent's name and contact information and must not be used to sell leads to other agents or brokers.

Realtor.com[®] isn't typically lumped in with the other megasites when it comes to overall aggregator disgruntlement because its data, fed from MLSs, is more accurate; also it doesn't list for-sale-by-owner properties and it promotes the REALTOR[®] brand.

Still, for Baczkowski, Hale, and others, a local MLS listing portal is the best way to put REALTORS[®] at the forefront of local homebuying and selling. "REALTORS[®] are the best ones out there to provide the data and the context that is necessary to buy a home," says Bacz-kowski. "It will be a lot easier to put the genie back in the bottle than people think."

Technology

What Does Your Web Site Say To Consumers?

Because every REALTOR[®] association's Web site is its face to the public, association executives question what their site should say to consumers about what their association is and does.

Many associations focus on providing members with business-boosting information and tools (*www.orlando realtors.org*), while others focus on being the "voice for real estate" in their area, highlighting legislative and regulatory initiatives (*www.illinoisrealtor.org*). Some feel they are best positioned as sources of local real estate information and listings (*carolinabome.com*), and others aim to promote the use of a REALTOR[®] with membership lists and profiles. Still, most try to be all things to all visitors with a variety of tabs and menus (*www.miamire.com*). Clearly, there is no single answer to what a REALTOR[®] association should represent to consumers who find them online. In fact, many associations maintain multiple Web sites, each representing a specific part of their mission--all this in addition to maintaining a presence on social media.

RAE found a wide array of specialty Web sites run by associations specifically for a consumer audience. Incorporate some of these great ideas into your site, or launch a specialty consumer site of your own to boost your public exposure.

"We're the experts on the benefits of living in the area."

These sites promote a location's unique features, demographics, and benefits to homeowners and businesses. They position the association and its members as authorities on the area and its real estate.









"We can help you find home financing and grants."





"Start your home search here!"

"We can help you connect with a REALTOR"."

These sites detail how a REALTOR[®] differs from other real estate practitioners and outline the benefits of working with REALTORS[®]. Many offer consumers a way to search for and connect with REALTORS[®].









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REALTOR

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"We can help you with all aspects of buying or selling a home."

These sites provide consumers with details on buying or selling a home while promoting REALTORS $^{\circ}$ as the expert guides through this complex and life-changing event.



"We fight for homeowners at city hall and in Washington, D.C."







"We're committed to helping homeowners avoid foreclosure."



- A. Greater Las Vegas Association of REALTORS®: HomeLasVegas.com
- B. Charlotte Regional REALTOR® Association: CarolinaHome.com
- C. Iowa Association of REALTORS®: SeelowaHomes.com
- D. Illinois Association of REALTORS®: theHousingSite.org
- E. Kansas City Regional Association of REALTORS®: KCHomePrograms.com
- F. Maryland Association of REALTORS®: mdHomePrograms.com
- G. Northern Virginia Association of ${\sf REALTORS}^{\circledast}$: http://askmenvar.com
- H. Kansas City Regional Association of REALTORS®: KCRealtorLink.com
- I. Canadian Real Estate Association: HowRealtorsHelp.ca
- J. Illinois Association of REALTORS®: www.YourIllinoisHome.com
- K. National Association of REALTORS®: HouseLogic.com
- L. Washington $\ensuremath{\mathsf{REALTORS}}^{\ensuremath{\$}}$ Association: waHomeOwners.com
- M. Louisiana REALTORS®Association: LaHomeOwners.org
- N. Hawaii Association of REALTORS®: ForeclosureHawaii.org
- O. Nevada Association of REALTORS®: FaceofForeclosure.com
- P. Baton Rouge Association of REALTORS®: mls.gbrar.com

mall Board



Amy DuBose, RCE, e-PRO, is the association executive with the San Marcos Area Board of REALTORS[®], Texas. She can be reached at 512-396-5478 or amy@smabor.com.

Consumer Outreach on a Shoestring

One major thing I've learned since coming on as executive of my association in 2006 is that even though we may not have a lot of financial resources available, we do have time as a resource.

That's not to say I sit at my desk all day just waiting for something to do. Certainly not. But I've learned that time, as in face time, is a more effective outreach tool in small communities than any large association's million-dollar public ad campaign.

Most small associations are in small communities where everyone knows one another. Locals grow up together and families are friends for many years. Face time is something that works in small communities and in small associations where in-person communication is valued as more genuine.

There are many low- or no-cost ways for AEs and their members to positively promote the REALTOR® brand and the importance of the association by spending a little time in the community.

First, when you spend your time on charity events, be consistent. The folks in Abilene, Texas, know what to expect from their local association annually. The Abilene Association of REALTORS®' "Walk with Pride" program started 30 years ago and has been providing shoes for children in need every fall ever since.

When you spend your time on community beautification, be inclusive. The 400-member Guam Association of REALTORS®' "Adopt a Bus Stop" program, in which members repaint local bus stops, touches every village as a sign of support to the entire territory, says Peggy Llagas, executive officer. "We do our best to adopt two bus stops per project schedule, and we complete up to four bus stops a year," she says.

Through her work with the Lt. Governor's Beautification Task Force, Llagas has added many new projects to her small association's volunteer schedule.

When you spend your free time on community boards or task forces, be aware. By encouraging members to spend some of their free time serving on local boards or planning committees, transportation task forces, or even public groups that have little to do directly with real estate, such as the PTA, you create valuable opportunities for them to influence public opinion about the association and what REALTORS® bring to the community. Remind members that every public appearance is a chance to promote REALTORS®-and remind them to wear their REALTOR® pin.

When you spend time talking to the media, be reliable. Although print media isn't face-to-face with the community, spending time responding to the press or initiating contact with reporters on a regular basis is a no-cost way to promote the value of REALTORS® communitywide. Make sure your local print and broadcast media outlets can reach you-or a volunteer spokesperson—in an instant and that you're fair and consistent with your responses.

Putting one more thing on the to-do list may seem daunting, but face time within your community is crucial. Plus, it's great to give back to those in your marketplace, and it's very important for them to know how wonderful REALTORS® are.

FREE TOOLS FROM NAR MAKE CONSUMER OUTREACH EASIER

houselogi "The biggest challenge in our consumer outreach is developing and maintaining relevant and timely content with a small staff and limited time to invest," says Joe Kras at the Michigan Association of REALTORS®. "So NAR's widgets are an excellent resource," he says. Free weekly HouseLogic consumer content feeds to MAR's site (www.michiganhomeownersalliance.com) automatically via the HouseLogic widget, which, along with free feeds from "Real Estate Today Radio," ensures that consumers find updated and relevant content every time they visit. Download free content widgets at: http://members.houselogic.com/association-executives and http://retradio.com/forrealtors.



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Law & Policy



Lesley M. Walker is associate counsel at the NATIONAL ASSOCIATION OF REALTORS[®]. Contact her at 312-329-8834 or Iwalker@realtors.org.

Top Legal Risks Members Face Today

With the real estate industry re-energized with positive movement forward, members need to be reminded of the most common—and some emerging—legal pitfalls and how to avoid them.

To help your members navigate the murky waters of this unique time in the U.S. housing market, NAR offers its biannual Legal Scan, detailing the most common types of claims real estate professionals have found themselves entangled in during recent years.

The Legal Scan surveys key people in the real estate industry and compiles data obtained from case law and statutory research. Legal disputes related to agency continue to be a prominent issue, while technology and social networking have emerged as new top concerns. The good news is that real estate professionals saw an almost 10 percent decline in litigation over the previous scan in 2011. Plus, in the 496 cases where liability was determined, agents and brokers were found not liable in more than 73 percent of cases, a stat that remained unchanged from the 2011 study.

Here are the top 10 legal issues real estate professionals are facing, in order of prominence, according to the 2013 Legal Scan.

Breach of fiduciary duty lawsuits, as in previous years, accounted for the largest single number

of residential real estaterelated court cases, although in the cases where a determination was made, licensees were found liable only 40 percent of the time. This topic generated a significant number of court decisions (a 29 percent increase over 2011 in case law and jury verdicts) focusing on not only breach of fiduciary duty but also undisclosed dual agency and conflicts over the duties owed to a customer by a buyer's representative.

For years, state REALTOR[®] associations have fought for more statutes detailing exactly which duties members owe and what consumers can expect. The 2013 Legal Scan revealed a 34 percent increase in statutes and regulations addressing this issue. For example, Oklahoma no longer defines or provides for transaction brokerage, and it has done away with the common-law agency duties in favor of specific statutory duties. Arkansas enacted a statute describing agency relationships and duties; it provides that the common law of agency applies to relationships between licensees and clients, as supplemented by the statute.

Property condition disclosure and "as is" clauses are an ongoing source of disputes and the secondmost common legal issues members face. Given the nature of the market, it's not surprising that survey respondents said short sales and sales of bank-owned properties were identified as the most significant areas of concern.

For example, in an Ohio case, a bank-owned property was sold "as is," and a flood damaged the property shortly after the buyers moved in. The court found in favor of the seller's representative, suggesting that because the bank had never lived on the property, it wasn't responsible for disclosing information about the flood risk, and because the property had been sold "as is."

The 2013 scan revealed a number of new and amended statutes and rules affecting a licensee's duty to disclose information about the condition of a property. For example, Virginia enacted a law providing immunity to real estate licensees who repeat false information provided by a client, governmental entity, or third party who obtained the false information from a governmental entity, provided the licensee

The **2013 NAR Legal Scan** revealed a number of new and amended statutes and rules affecting a licensee's duty to disclose information about the condition of a property. does not have actual knowledge that the information was false. Missouri enacted a law providing that licensees are generally immune from statements made by third-party experts about the condition of the property.

Instances in which parties claimed a real estate practitioner's actions violated the state deceptive practices or consumer protection statutes accounted for 92 cases, a slight decrease from the 2011 Legal Scan. Of the cases in which liability was determined, the decision favored the real estate professional 77 percent of the time. Most state deceptive trade practices statutes include broad restrictions on "deceptive" or "unfair" trade practices. These laws do not require that the person committing an act of deception have the intent to deceive, merely that the party have the capacity to deceive or commit an unfair trade practice. If a business or individual has this capacity or tendency to deceive, that business or individual may be ordered to cease and desist the deceptive or unfair practice. Many of these cases involved property condition disclosures. In one case, DePompe v. Weichert REALTORS® Inc., a New Jersey court found that a broker can be liable under a consumer-fraud statute. The seller, based on information from a thirdparty, stated that the property was not in a flood zone, but the buyer later uncovered an updated report placing the property in a flood zone.

RESPA, the **Real Estate Settlement Procedures Act**, which regulates real estate industry referrals and kickbacks, did not account for a significant source of disputes (64 cases addressed kickbacks, which was a substantial decrease from the 2011 Legal Scan; of the 24 cases where liability was determined, 23 were decided in the real estate professional's favor). However, respondents identified this issue as among the top three areas in which they would want more training. Specifically, there is a significant need for training regarding affiliated business arrangements. Respondents know there is a great deal of regulation but believe they don't have enough education on what constitutes a violation.

Frivolous lawsuits costing brokers time and money to settle continue to cause headaches. Respondents believe that these cases are driven by the plaintiff's emotions and their search for the deep pockets of brokers and their insurance. The time and expense of defending these types of suits often leads brokers to settle. More than 77 percent of the survey respondents believe additional training is needed on how to prevent frivolous lawsuits.

Commission disputes and procuring cause are still a source of major conflict. Over the past two years, this may be largely due to the economy and the tight housing market in many areas. The issue of procuring cause continues to be a problem, particularly as the geographic reach of listings expands due to the growth of regional MLSs and national listing aggregators. This area was the most common source

of disputes between licensees. It's another excellent topic on which to offer training to your members.

Technology issues were not a significant source of disputes; however, survey respondents believe technology is-

Legal disputes related to agency continue to be a prominent issue, while technology and social networking have emerged as new top concerns.

sues could become more contentious in the future. Members are asking for training in this area, specifically about social networking and state Internet advertising rules. States have begun adopting rules addressing Internet advertising by real estate agents and have also begun addressing licensees' use of social networking platforms such as Facebook, LinkedIn, and Twitter, as well as blogs. A few states, including New Hampshire and Ohio, have even begun regulating licensees' use of social-networking media by, for example, requiring a direct link from the particular electronic platform to a rule-compliant Web page display. Some state Internet advertising rules require advertising the state where the broker is licensed.

With the ever-evolving and increasing use of technology in real estate professionals' business, whether to market properties or to promote their services, training on this issue is paramount. Respondents said real estate agents are using technology without an understanding of or appreciation for the legal risks it poses.

The last three issues — antitrust (or commission rate setting), third-party liability, and fair housing — were not revealed to be a significant source of disputes but are areas where real estate professionals expressed a desire for more training. Third-party liability was identified as an area of growing concern for licensees, especially regarding appraisers and inspectors. Twelve cases addressed appraiser liability and only one court found the appraiser liable. As for inspectors, respondents to the scan said legal action against inspectors is frequently used as a catch-all for property condition disputes. The four cases where a determination was made were found in favor of the inspector.

The NAR Legal Scan is an excellent view of the landscape in which your members work. It provides valuable insight into the issues they face as they conduct business. Your members have voiced their concerns and will look to you to help provide training on the hot issues facing the real estate industry. The full 2013 NAR Legal Scan is available as a free resource for you and can be found on the Law, Ethics and Policy page on *REALTOR.org.*

HR Connection



Donna Garcia is director of Human Resource Services for the NATIONAL ASSOCIATION OF REALTORS® in Chicago. She can be reached at 312-329-8311 or dgarcia@realtors.org.

Associations with fewer than 50 full-time employees may be eligible to receive a tax credit of up to 35 percent of insurance premiums paid each year.

Health Care Reform: What AEs Need to Know

The North Carolina Association of REALTORS®' newest affinity partner is a health insurance provider—not surprising, given that all REALTORS® must have health insurance by 2014.

"We're excited about the timeliness of this addition to our partner program, since health care will be a major focus in our upcoming communications," says Blair Wilburn, the association's communication and marketing director. Already, the partner has provided webinars for members and local association executives explaining the new insurance requirements.

Some of the biggest provisions of the Affordable Care Act, or Obama Care, take effect next year. Although you may have heard that the law affects businesses with 50 or more employees, there is still information that you need to know if you offer health insurance—or even if you don't. Member brokers and agents may increasingly be looking to their REAL-TOR[®] association for guidance and resources. You may receive qualified guidance from your insurance broker and tax consultants, but you should know the law's essential facts.

50 or more employee threshold

Beginning in 2015, employers with 50 or more fulltime equivalent (FTE) employees must offer health insurance coverage for their employees and dependents. A full-time employee is defined as one who works 30 hours or more per week, averaged over the course of a month. Part-time employees' hours will need to be tracked to determine whether the 30-hour-per-week threshold is met. If so, they and their dependents also would need to be covered under your plan. Employers with fewer than 50 FTE employees are not required to offer health insurance coverage.

What your health insurance plan must now cover

No matter how many employees you have, to meet the new law's requirements, your association's health insurance plan must include some basic provisions ranging from maternity care to prescription drugs. If you're working with an insurance broker, make sure he or she is offering a policy that's compliant with the new requirements, which also stipulate coverage levels, out-of-pocket limits, maximum deductibles, policy limits and more.

Notices that you must now provide to employees

Summary Plan Comparisons must be provided to all eligible employees, even if they waive coverage. Summaries must be provided during your annual enrollment period and within 90 days from new employees' hire date.

Effective October 2013, employers must provide a notice to all employees regarding the existence of the State Health Exchanges. Samples of these letters can be found at:

- www.dol.gov/ebsa/pdf/FLSAwithplans.pdf
- www.dol.gov/ebsa/pdf/FLSAwithoutplans.pdf

Since the beginning of 2013, the full cost of the premium paid for the employee's coverage level must be reported on his or her W-2, Box 12, Code DD. The amount is not taxable but is for informational purposes only.

New tax break incentives for associations

Associations with fewer than 50 full-time equivalent employees may purchase health insurance via their state's small-group insurance market or the new smallemployer marketplaces known as the Small Business Health Option (SHOP) exchanges. Nonprofit associations that have fewer than 25 FTE employees, an average wage of \$50,000 or less, pay 50 percent of the employee's premium and purchase through their state's SHOP are eligible for two years to receive a tax credit of up to 35 percent of insurance premiums paid. You will be able to find plans meeting the requirements of the new tax credit and the new law on your state's Small Business Health Option Web site or through traditional insurance brokers who

Health Care Reform



health insurance attracts and retains employees. Small associations that could not afford to offer coverage due to its cost may now consider doing so because they may be eligible to receive the tax break.

agree to work through the SHOP exchange. Offering

In 2014, employees typically will be enrolled in those SHOP insurance programs that the employer has chosen. In a small number of states in 2014, and beginning in 2015 in all states, a small employer will select a level of coverage and employees will be able to choose from any of the plans available within that level in the SHOP exchange.

Large associations must offer affordable health coverage

Associations with 50 or more FTE employees must offer a health insurance plan for employees and dependents or pay a penalty beginning in 2015. Coverage may be provided via a fully insured group policy offered by an insurer or by self-insuring. In some states, firms with 50 to 100 employees may be able to purchase coverage via the SHOP exchange in 2014. Beginning in 2016, all state SHOPs must be open to firms with 50 to 100 employees. Plus, the coverage offered must be "affordable." Affordability is calculated on the basis of the cost of an individual plan for an employee, which cannot exceed 9.5 percent of the employee's Modified Adjusted Gross Income.

Exemptions

Group health plans that were created—or an individual health insurance policy that was purchased—on or before March 23, 2010, are exempt from many changes required under the Affordable Care Act. You can find out if your insurance is grandfathered by reviewing your health plan documents.

Large associations that elect not to offer coverage (or offer a policy that does not meet the law's requirements) and have one or more employees who obtain coverage and a premium subsidy in the state exchange will pay a penalty of \$2,000 times the number of the firm's FTE employees minus 30 employees per year. All penalties are scheduled to change each year based on insurance rates.

Changes to out-of-pocket limits

It is anticipated that associations will have to include deductibles and copays in the maximum out-of-pocket limits. So if your individual out-of-pocket limit is \$6,400, and your annual deductible is \$1,000, your out-of-pocket limit is reduced to \$5,400 after the deductible.

All individuals required to be covered in 2014

The goal of the health reform law is to ensure that all individuals have insurance coverage via an employer plan, a government-sponsored health program (i.e. Medicare, Medicaid, SCHIP, veterans benefits, etc.), an insurance company, or the state exchanges for individuals. Beginning in 2014, coverage in the individual market will look a lot like traditional guaranteed issue group plans. An insurer can no longer refuse to provide coverage for an individual based on health status; exclude pre-existing conditions; or set premiums based on gender, health status, job type, or any of the factors that have traditionally been used in the past. Moving forward, premiums in the individual (non-group) market can be based only on age, geography, type of policy purchased, and tobacco usage.

If your association doesn't offer health insurance, your employees may still have questions about the requirement that they buy their own health insurance or face a penalty, especially if they haven't had insurance before. Subsidies to help cover the costs of premiums are available to low- and moderate-income families who make as much as 400 percent of the federal poverty level (that's \$45,960 for individuals and up to \$94,200 for a family of four). Estimates are that roughly half of all individuals currently purchasing their own individual insurance coverage will be eligible for premium subsidies via the state health insurance exchanges.

If an individual's or family's income is at or below 138 percent of the federal poverty level, they may be eligible for coverage via Medicaid if their state has chosen to participate in the expanded Medicaid program.

Noncompliant states and your options

Although states were given the authority to establish and run their own individual and SHOP Exchanges and could receive federal grants to help cover the costs involved, some have opted not to establish a state exchange or SHOP. Others have entered into joint ventures with the federal government to develop and administer their exchange and SHOP. If a state has chosen to take neither of these routes, the federal government has the authority to create and administer the state exchange and SHOP for the state. For an update on what approach your state has chosen to take, visit *kff.org/state-bealth-exchange-profiles*.

Thank you to Marcia Salkin, managing director, legislative policy, NAR; and Stephen A. Wells, assistant vice president, Aon Hewitt NAR's health insurance broker, for their assistance.



Resources at Your Fingertips

Elements of the sweeping health care reform are still developing. To stay current, visit this article online at REALTOR.org for links to more resources: *REALTOR.org/healthreform-AEs*.

AE Profile

Public Show of Force

Steve Bois, CEO of the Rockford Area Association of REALTORS[®], Ill., is on the forefront of consumer outreach. He works not only to build the brand of the REALTORS[®] but also to define the public

Steven Bois is CEO of the Rockford Area Association of REALTORS®, III. Contact him at 815-395-6776 or sjbois@gmail.com. www.rockfordarearealtors.org image of the association as a source for credible real estate information and issues affecting the local economy. He involves his association in local economic development and neighborhood restoration projects because he believes that creating a vital downtown area and wealth-generating jobs will boost the real estate market and, thus, help his members.

"You can't just harvest your market," he says. "You have to plant the seeds of growth."

Bois is a member of the NATIONAL ASSOCIA-TION OF REALTORS[®] AE Consumer Engagement Workgroup (*see p. 14*). Here, he describes his approach to successful consumer outreach.

Q: Your association's main Web site appears to be more consumer-focused than member-focused. Why is that?

A: It was important for us to keep the consumer as attached to our association as possible versus thirdparty sites that really don't have a focus on our market. It was also important to establish a relationship with consumers so that we could communicate with them, keep them engaged with the local market, educate them on local market news, and get them to use local resources for housing. We used focus groups and learned that consumers wanted a preshopping experience long before they wanted to connect with a REALTOR[®]. The board of directors, which represents the members, drove this Web site focus decision.

Q: What's the biggest challenge to effective consumer engagement today?

A: We need to figure out how to help consumers interpret and differentiate the real estate information that is already out there and how best to insert real estate agents into that information stream. Members are transitioning from being transaction specialists to taking more of a consultative role with buyers and sellers. We all want to figure out how to keep members at the center of the transaction, so as we go through the generational shift, we'll see that millennials' information needs are unique. They want instant information, whether it's a phone call or text or e-mail. It's all about instant response. They also won't go with just one answer; they want to investigate options. We need to make sure our members have the skills and resources to facilitate this.

Q: How do you think the type of consumer engagement programs launched by associations in the next few years will differ from those in the past five years?

A: We need to ask ourselves, "What are the attributes of a truly consumer-engaged agent?" Response time has to be more rapid. A breadth of knowledge has to really be there, along with the willingness, ability, and patience to communicate with the consumer in the way that they want. Sometimes, it's having the confidence to say "no" to clients that don't fit your style. You can't be all things to all people. At some point, we're going to have to look at REALTOR[®] ratings. That will change the industry. Ratings will improve the quality of the transaction process for everyone in the industry, and you'll see improved behaviors.

Q: What's the best role of the AE in consumer engagement?

A: We control the message we send to consumers – and share with the media-by having the same person, the CEO, deliver a consistent message. You can't train an association president in one year on how to handle the media. The consumer sees a consistent message with the same person providing the same message in a consistent way. Yet the association CEO doesn't act on his own; communication with the association board is key. If we don't offer a proactive message to the media, no message would get out or the message would be negative. We've been able to paint the true picture, realizing there is positive in all news. We have no problem with negative news; we just counterbalance these single snapshots of the market with market trends. The trends are more important than the headline.

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