



2010 Data Security Survey Report



NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate®

collaboration between
*Government Affairs &
the Center for REALTOR® Technology*

PURPOSE AND SCOPE

In first quarter of 2010, the NATIONAL ASSOCIATION OF REALTORS® (NAR) Marketing Research Department conducted an online survey of REALTORS®. A web link to the survey was sent to 70,000 members on February 25, 2010. Findings reflected in this report were collected from responses received between February 25 and March 12, 2010. Additionally the link was forwarded to other members and/or posted online on the CRT webpage and Facebook which may skew results somewhat to members who are engaged with CRT and social media.

A total of 923 members participated in this survey. This is a large enough sample size and response rate for answers to be considered statistically relevant. At the 95% level of confidence, the confidence interval is +/- 3.22%.

The goal of this survey was to determine the importance of data security in the workplace.

For all data points, the differences between Agents and Brokers reported have been tested for significance, using one or more statistical tests. In cases where no significant difference between the results of the two groups is observed, this is noted, and these differences are not reported. Please note that “significant” does not necessarily mean “important.” In statistical terms, at the 95% confidence interval, “significant” simply means “this difference is measurable by statistical tests and a difference is 95% likely to be found in these populations for the items tested if the question was answered by everyone in that population.”

In this survey, the confidence interval is +/- 3.22% at a 95% level of confidence. When we put the confidence level and the confidence interval together we can say that we are 95% sure that between (X% - 3.22%) and (X% + 3.22%) of the entire relevant population would respond in the same way. ‘X’ equals the percentages reported in this summary for each individual question.

PURPOSE AND SCOPE

Sample Size Terminology

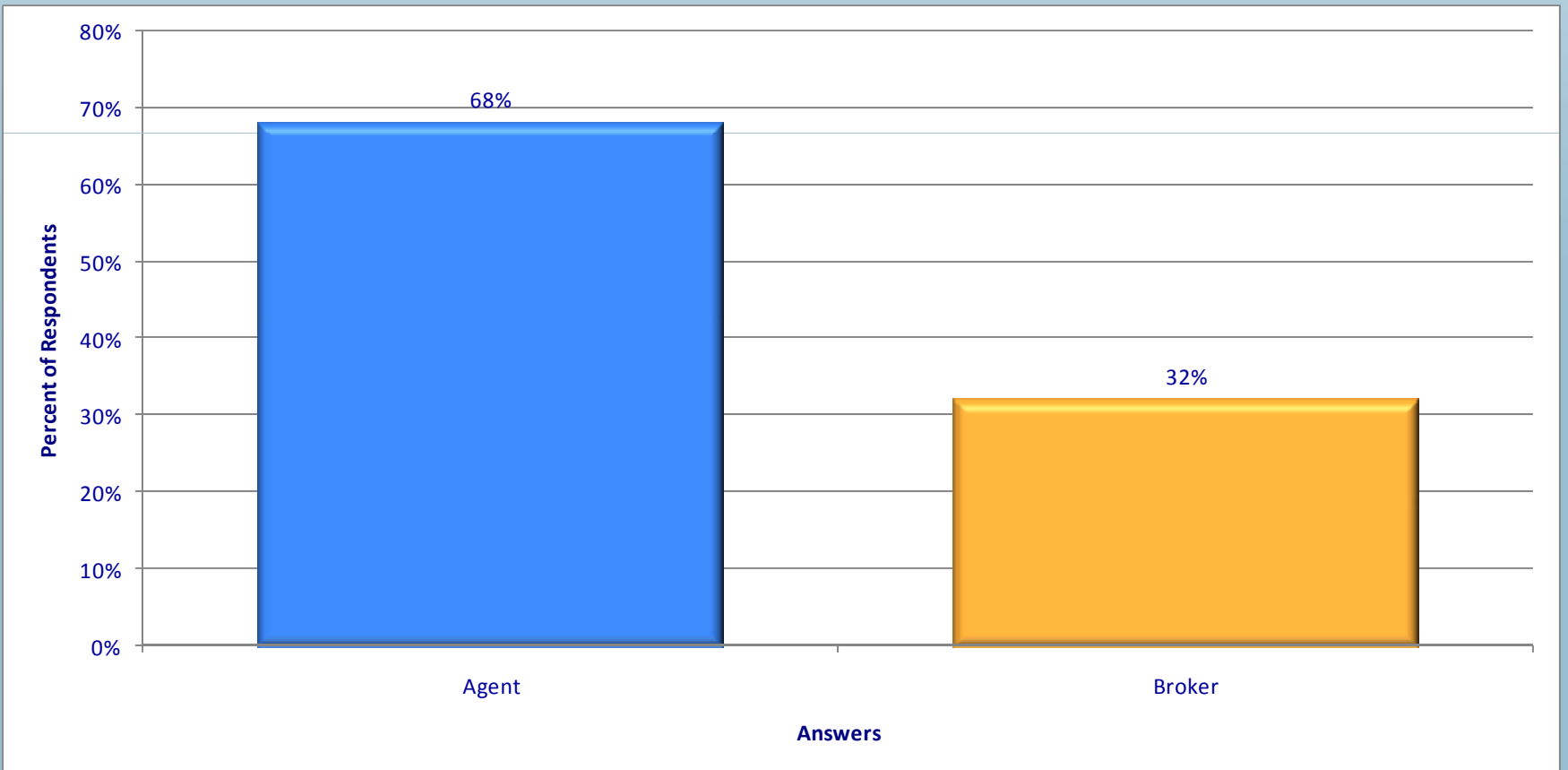
As an example: The confidence interval is the plus-or-minus figure usually reported in survey results. For instance, if you use a confidence interval of $\pm 3\%$ and 67% percent of your sample picks “answer B”, it is highly likely that if you had asked the question of the entire relevant population, between 64.00% ($67\% - 3\%$) and 70.00% ($67\% + 3\%$) would have picked that answer.

The confidence level provides a percentage of likelihood that the entire relevant population will respond within the percent range of the confidence interval. The 95% confidence level means you can be 95% certain.

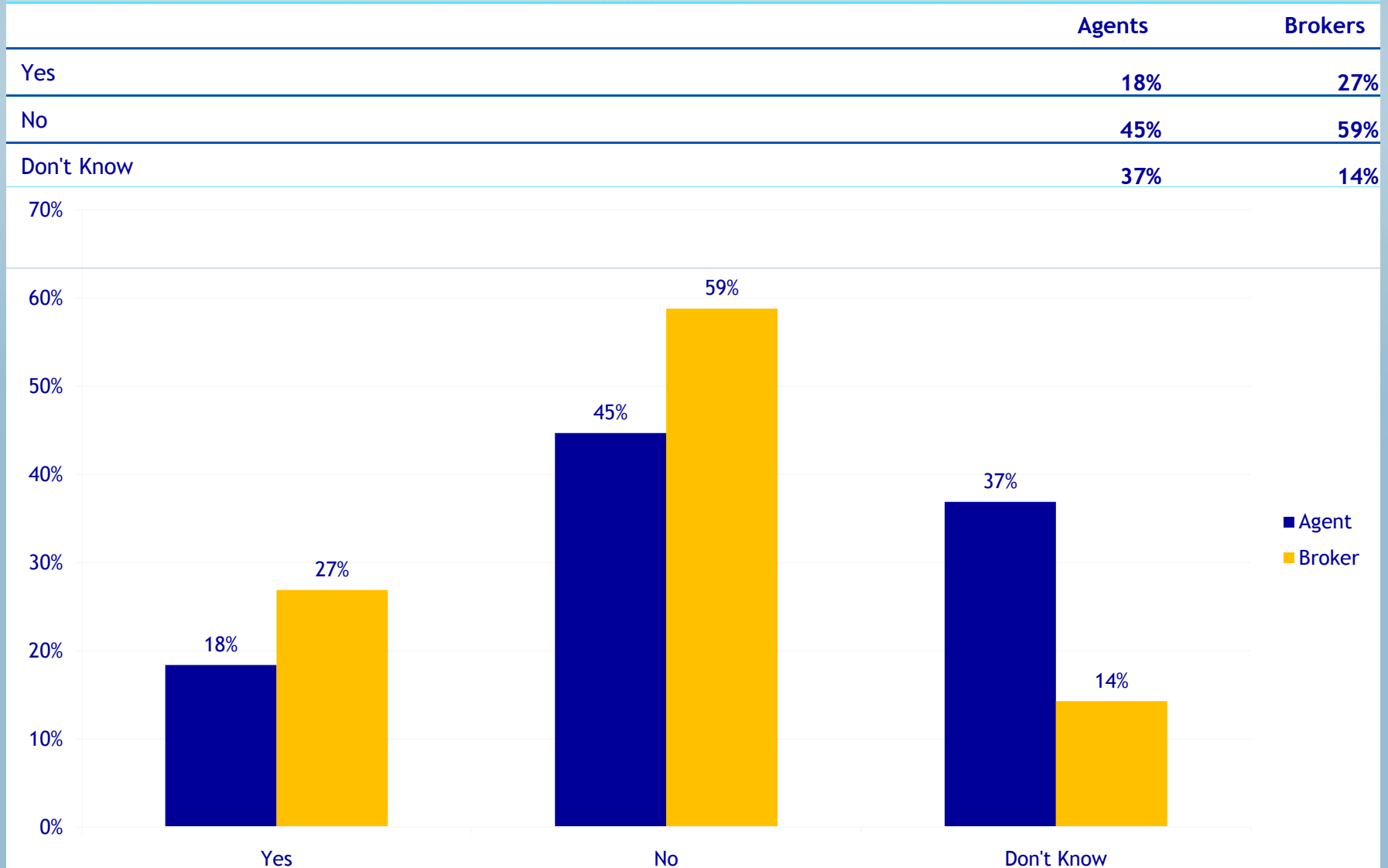
In this survey, the confidence interval is $\pm 3.22\%$ at a 95% level of confidence. When we put the confidence level and the confidence interval together we can say that we are 95% sure that between $(X\% - 3.22\%)$ and $(X\% + 3.22\%)$ of the entire relevant population would respond in the same way. ‘X’ equals the percentages reported in this summary for each individual question.

More than two-thirds (68%) of the survey respondents consider themselves agents. The remaining participants stated that they are brokers (32%).

| | | |
|-----------------|-----|-----|
| Agent | 629 | 68% |
| Broker | 294 | 32% |
| Total Responses | 923 | |



More brokers (27%) than agents (18%) confirmed that they or their firm had been a victim of a virus, spyware, identity theft, or been "hacked" in the last year. Interestingly, more agents (37%) didn't know if an "attack" had occurred.

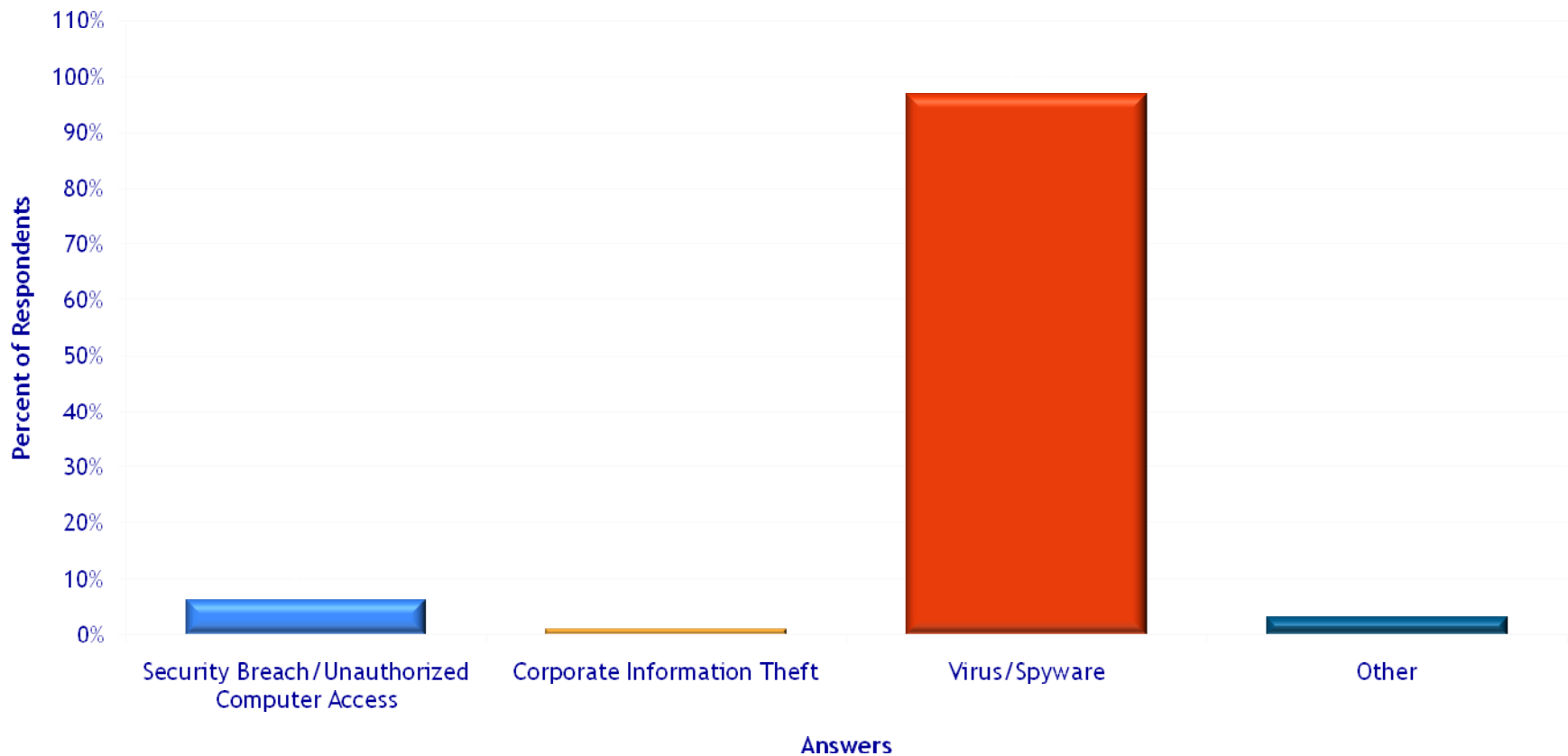


The vast majority (97%) of participants who had earlier stated that they or their firm experienced a computer breach report their breach occurred via a virus/spyware. The remaining three percent (3%) confirmed “other” as their response. These responses can be viewed on the following page.

| | | |
|--|-----|-----|
| Security Breach/Unauthorized Computer Access | 12 | 6% |
| Corporate Information Theft | 2 | 1% |
| Virus/Spyware | 189 | 97% |
| Other | 6 | 3% |

Total Responses

209



Types of Security Breach

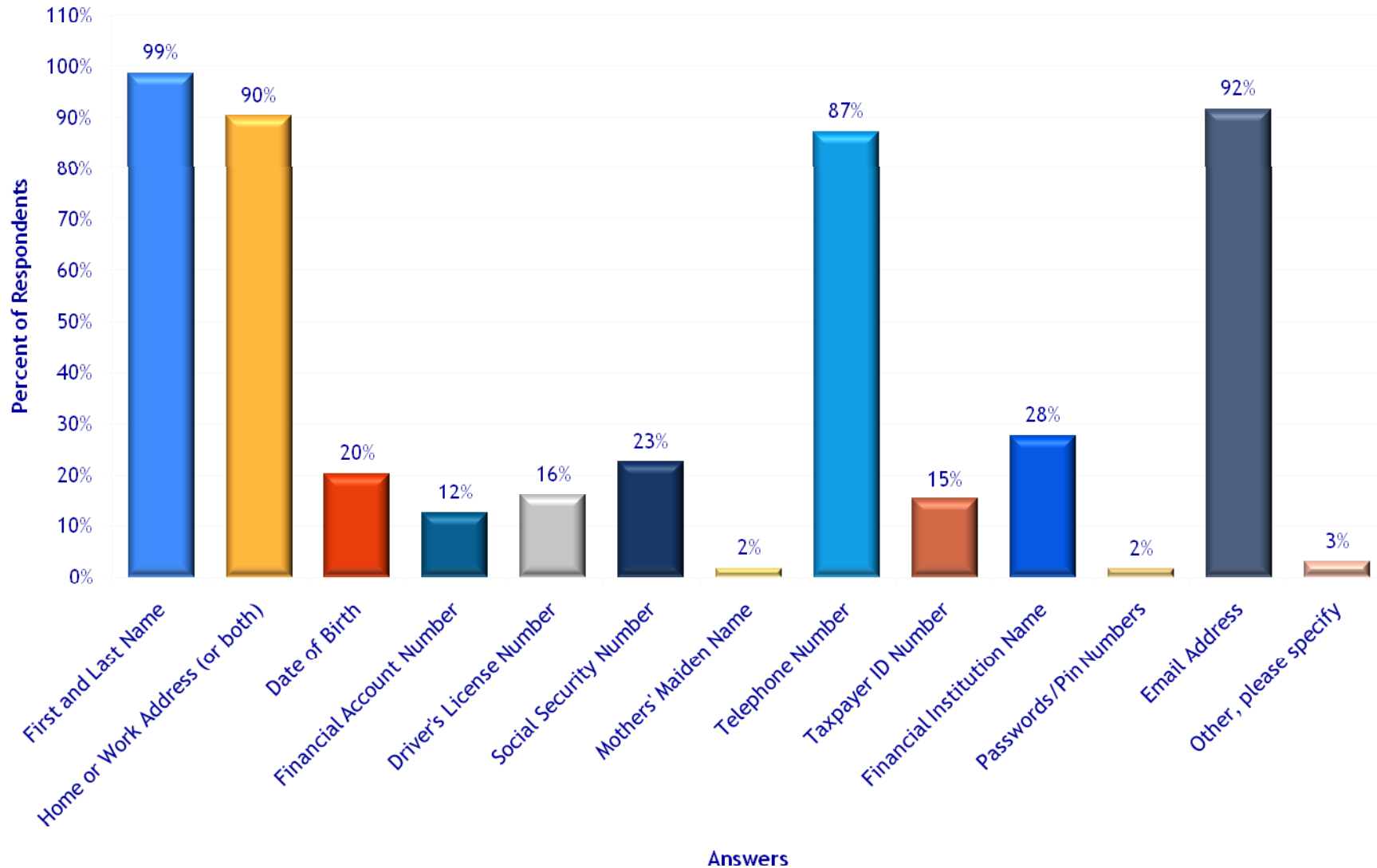
The following are 'other' responses provided when respondents were asked what kind of data security incidents they've experienced.

- An email was sent to my contacts touting my use of a Korean computer I bought online - which I did not.
- Computer virus.
- Craigslist scam.
- Personal - credit card info was obtained.

Eighty-seven percent (87%) or more survey participants stated the information collected by REALTORS® and/or their firms include First and Last Name, Home or Work Address (or both), Telephone Number, and email address.

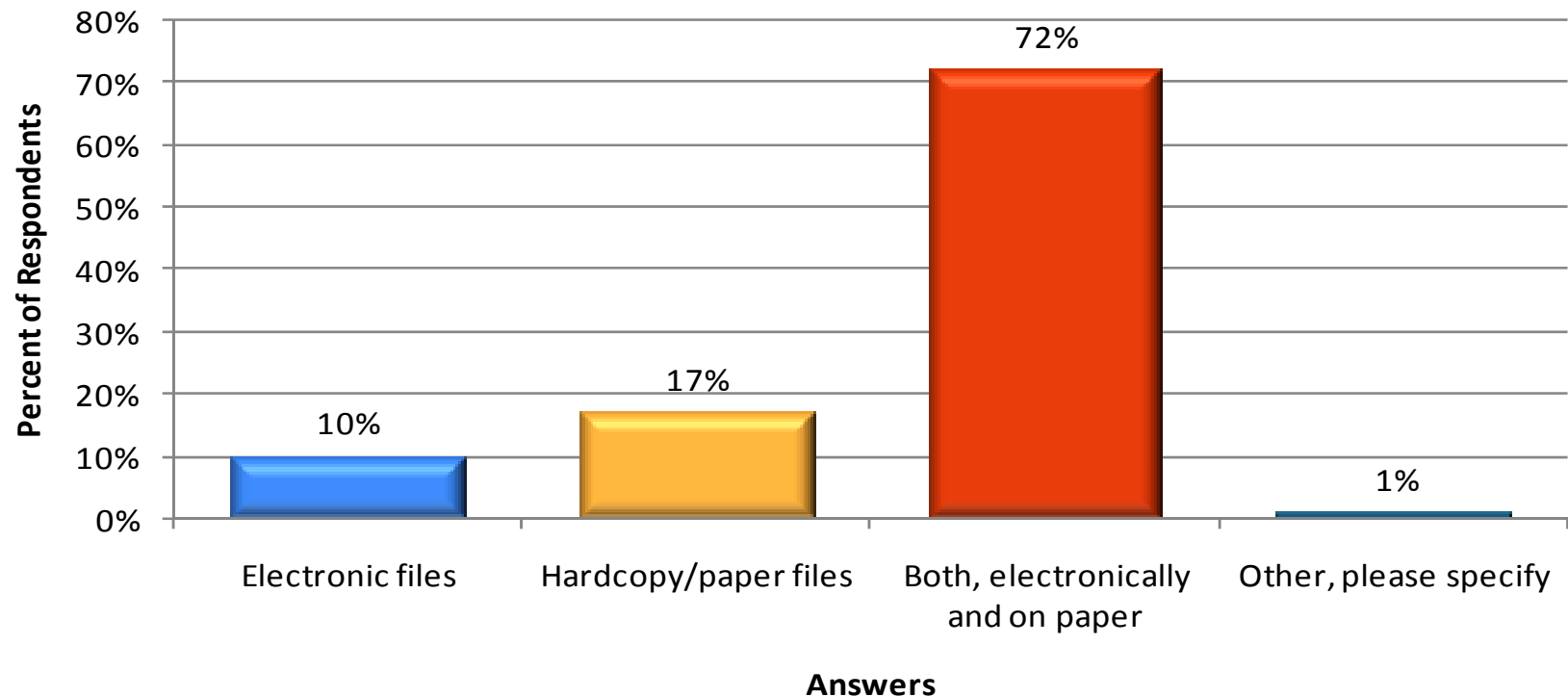
| | | |
|--------------------------------|-------------|-----|
| First and Last Name | 910 | 99% |
| Home or Work Address (or both) | 834 | 90% |
| Date of Birth | 187 | 20% |
| Financial Account Number | 115 | 12% |
| Driver's License Number | 148 | 16% |
| Social Security Number | 208 | 23% |
| Mothers' Maiden Name | 15 | 2% |
| Telephone Number | 805 | 87% |
| Taxpayer ID Number | 140 | 15% |
| Financial Institution Name | 255 | 28% |
| Passwords/Pin Numbers | 14 | 2% |
| Email Address | 846 | 92% |
| Other, please specify | 27 | 3% |
| Total Responses | 4504 | |

Types of Information Collected



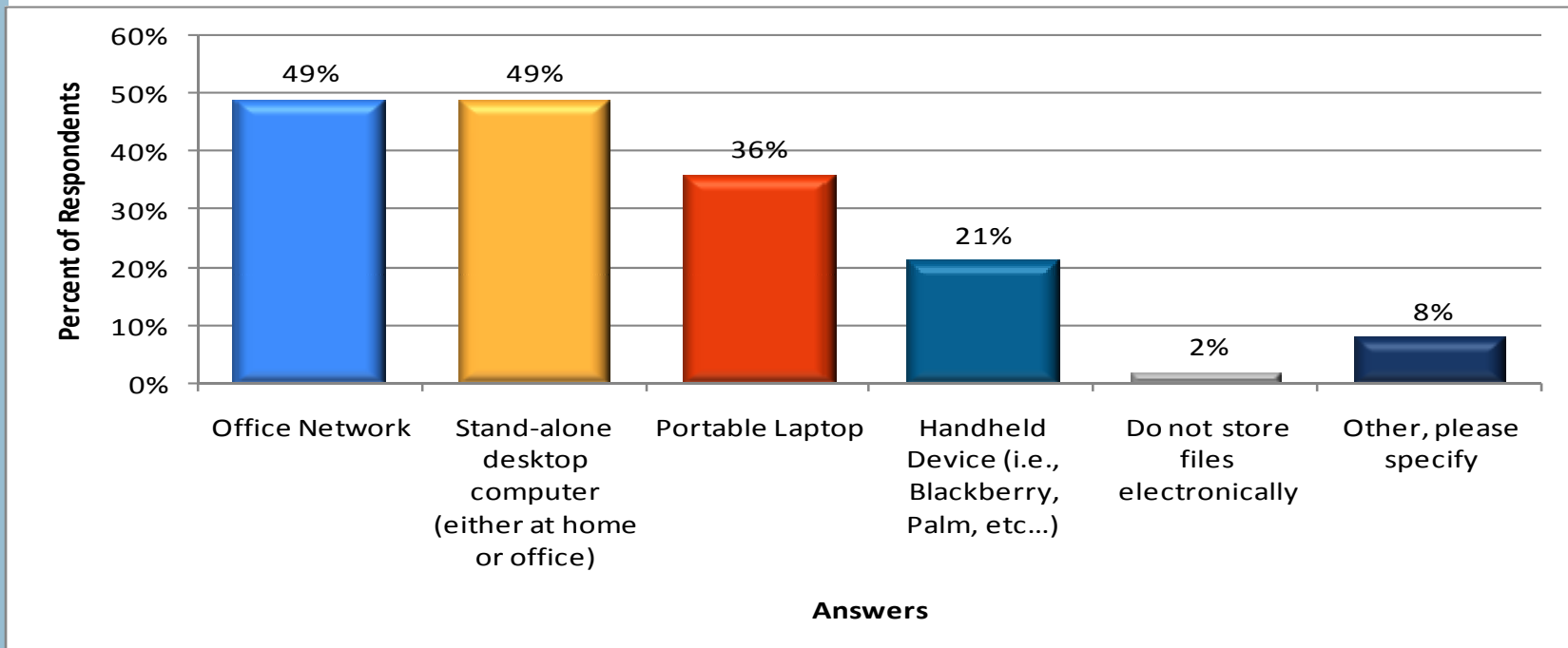
Nearly three-fourths (72%) of respondents affirmed that they or their firm compiled client information on both computer and hardcopy. Seventeen percent (17%) stated hardcopy only and ten percent (10%) store electronically only. Almost all of the “other” category implied that they were not sure how information was stored.

| | | |
|-----------------------------------|------------|-----|
| Electronic files | 96 | 10% |
| Hardcopy/paper files | 154 | 17% |
| Both, electronically and on paper | 663 | 72% |
| Other, please specify | 10 | 1% |
| Total Responses | 923 | |



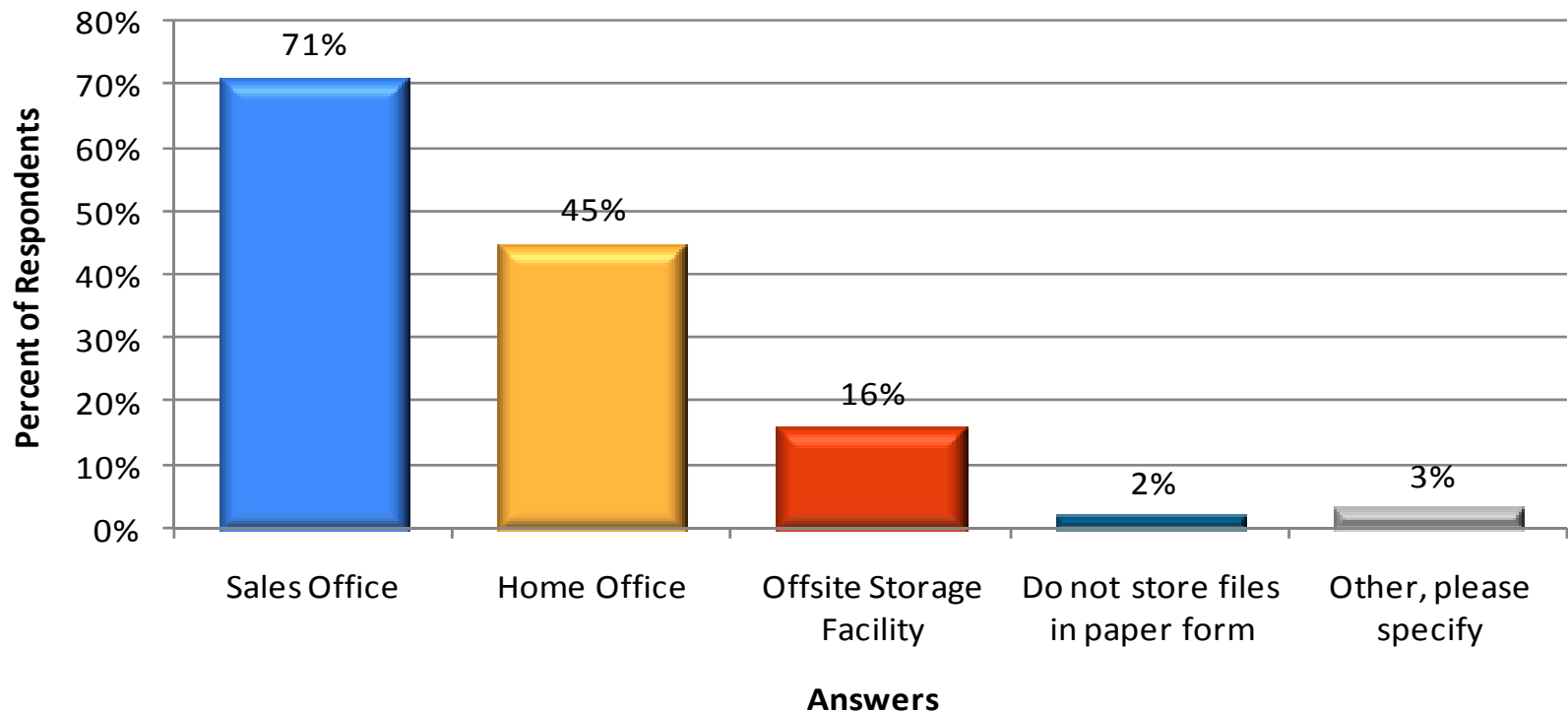
Of the participants who stored their or their firms client information electronically, an equal amount (49% each) did so on either their office network or a stand alone computer. This is followed by portable laptop at thirty-six percent (36%) and handheld device at twenty-one percent (21%).

| | | |
|---|-------------|-----|
| Office Network | 371 | 49% |
| Stand-alone desktop computer (either at home or office) | 369 | 49% |
| Portable Laptop | 275 | 36% |
| Handheld Device (i.e., Blackberry, Palm, etc...) | 159 | 21% |
| Do not store files electronically | 14 | 2% |
| Other, please specify | 64 | 8% |
| Total Responses | 1252 | |



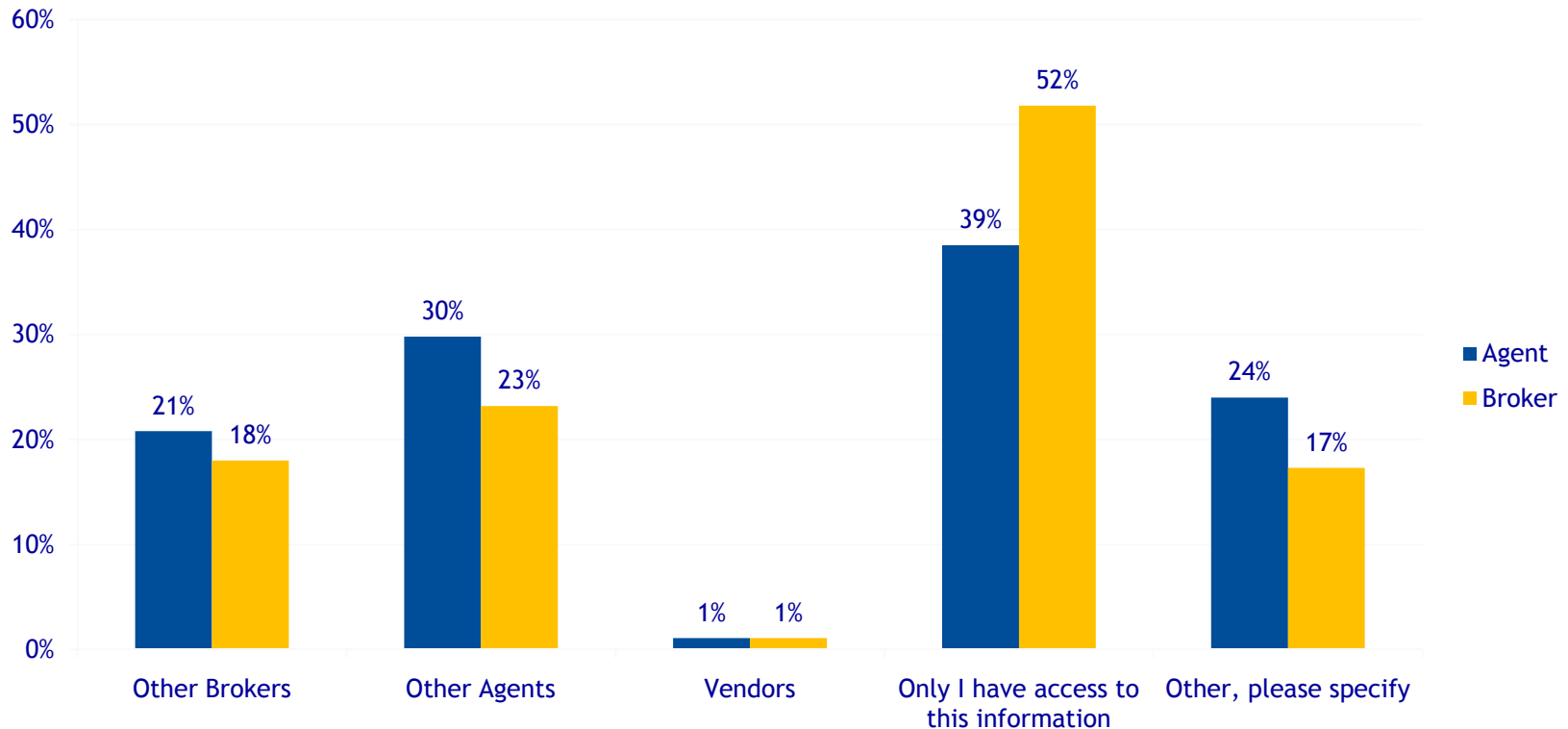
Responders to this survey who report they or their firm stores hardcopy files do so in the sales office (72%), home office (45%), and offsite storage facility (16%).

| | | |
|----------------------------------|-------------|-----|
| Sales Office | 576 | 71% |
| Home Office | 366 | 45% |
| Offsite Storage Facility | 129 | 16% |
| Do not store files in paper form | 16 | 2% |
| Other, please specify | 22 | 3% |
| Total Responses | 1109 | |



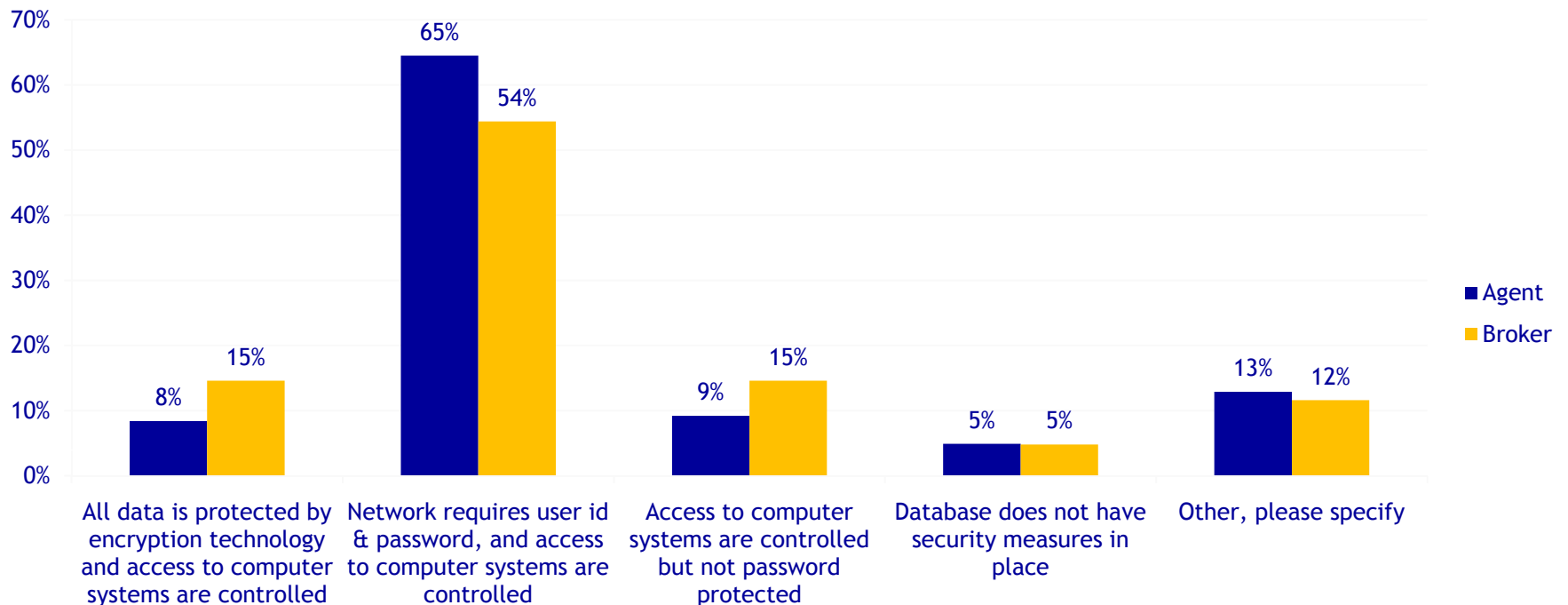
Over half (52%) of the brokers limit sharing files to themselves while agents share files more equally with other brokers (21%) and agents (30%). The “other” category included office staff such as administrators, partners, accounting departments, and IT departments.

| | Agents | Brokers |
|--|--------|---------|
| Other Brokers | 21% | 18% |
| Other Agents | 30% | 23% |
| Vendors | 1% | 1% |
| Only I have access to this information | 39% | 52% |
| Other, please specify | 24% | 17% |



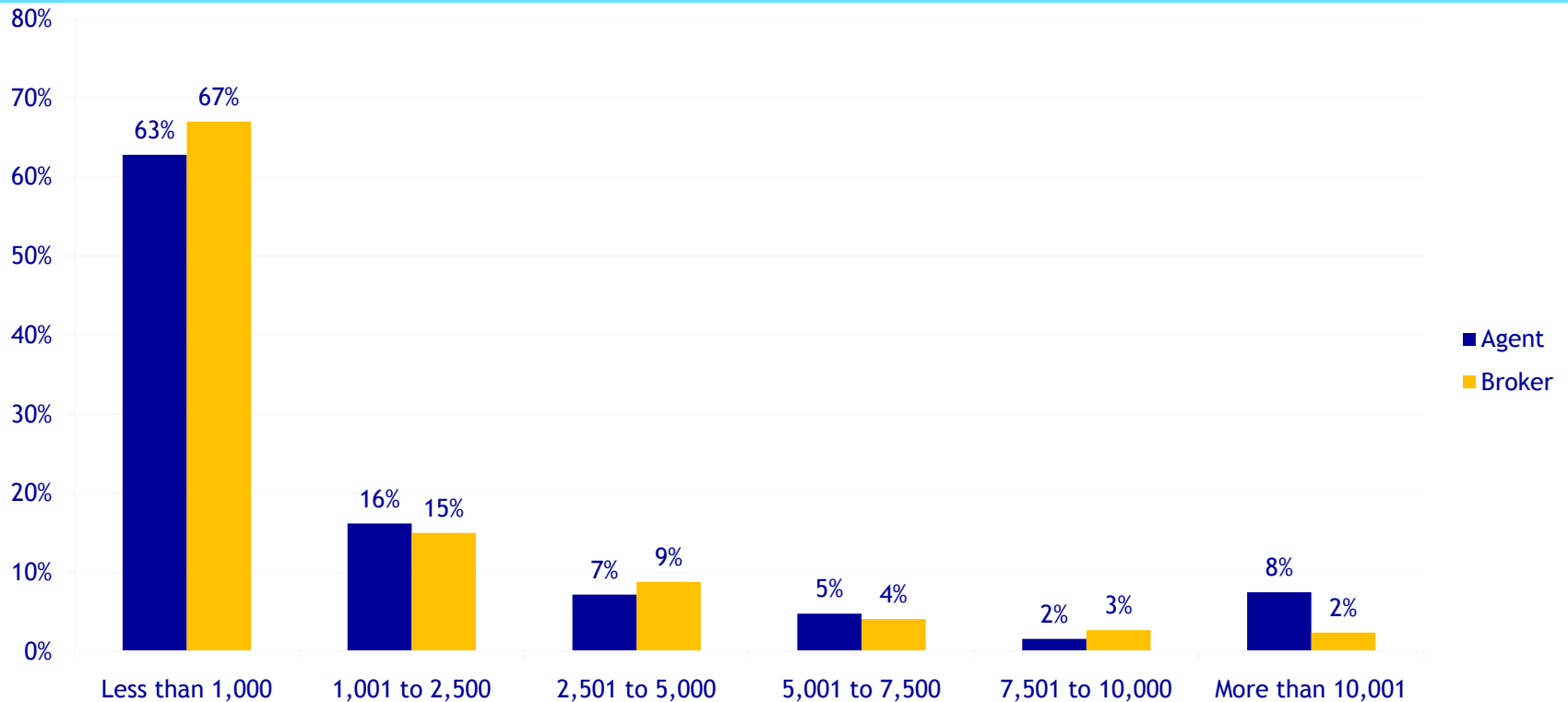
More agents (65%) than brokers (54%) stated that client information was stored on computers that were protected via a network user id & password. However, more brokers than agents confirmed that access to systems are controlled but not password protected and use encryption technology. A few (5% each) do not have security measures in place. The “other” category included responses such as locked cabinet or room.

| | Agents | Brokers |
|--|--------|---------|
| All data is protected by encryption technology and access to computer systems are controlled | 8% | 15% |
| Network requires user id & password, and access to computer systems are controlled | 65% | 54% |
| Access to computer systems are controlled but not password protected | 9% | 15% |
| Database does not have security measures in place | 5% | 5% |
| Other, please specify | 13% | 12% |



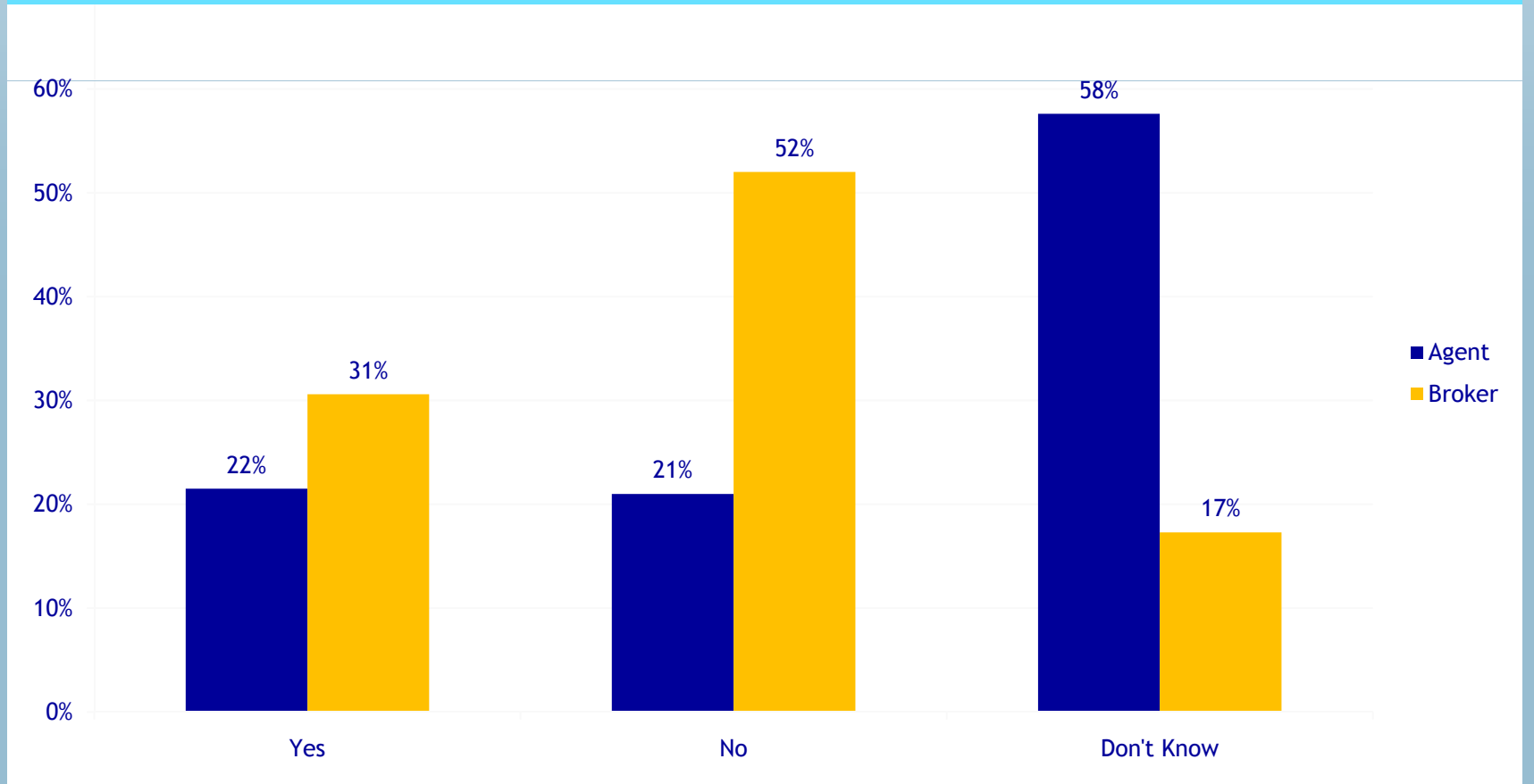
Brokers were 4% *more likely* to have less than 1,000 number of individuals stored in their database while agents were *more likely* to have 1,001 to 2,500 (1%), 5,001 – 7,500 (1%) and more than 10,001 (6%) records.

| | Agents | Brokers |
|------------------|--------|---------|
| Less than 1,000 | 63% | 67% |
| 1,001 to 2,500 | 16% | 15% |
| 2,501 to 5,000 | 7% | 9% |
| 5,001 to 7,500 | 5% | 4% |
| 7,501 to 10,000 | 2% | 3% |
| More than 10,001 | 8% | 2% |



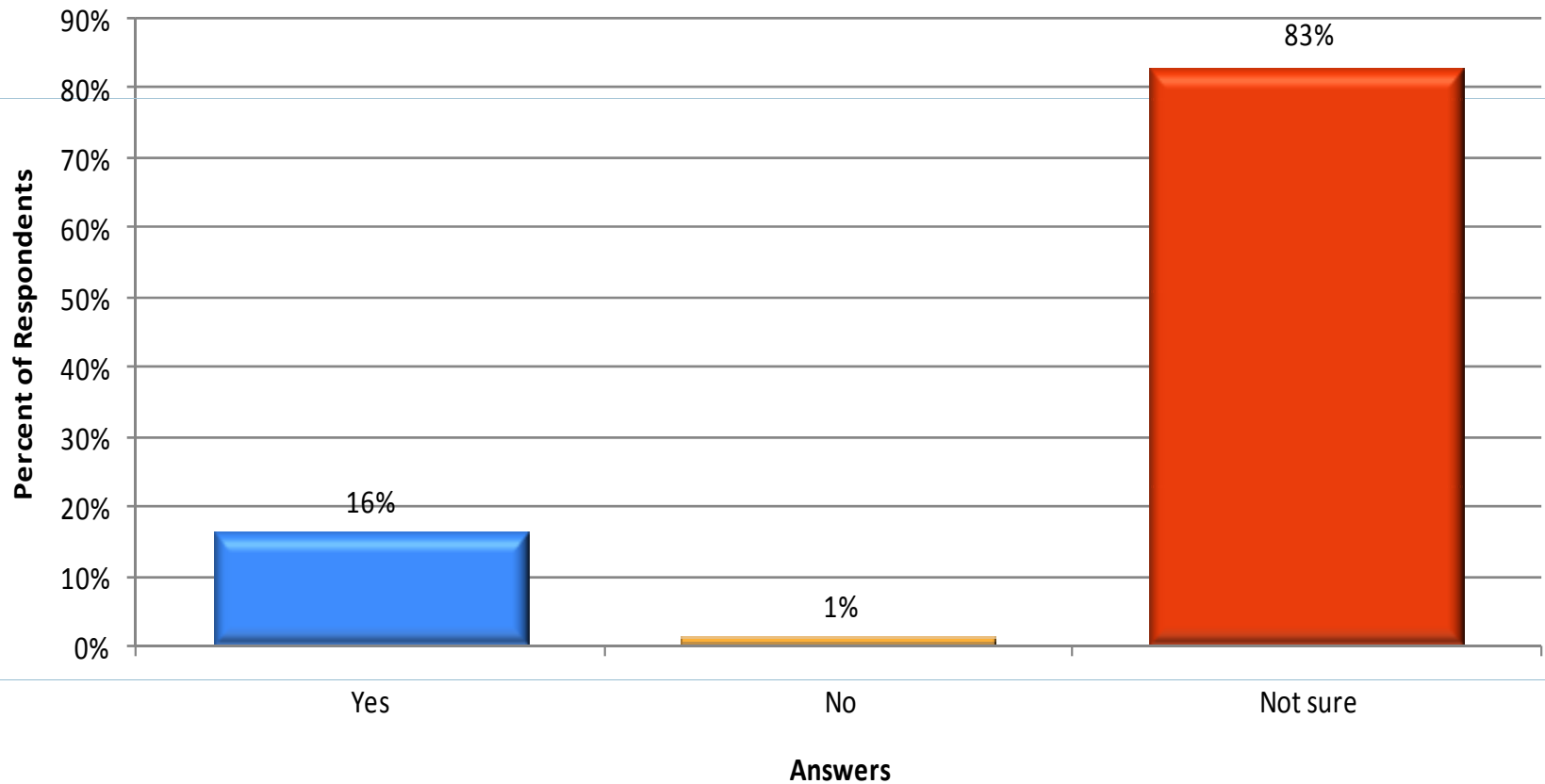
Over half of the brokers (52%) stated that they or their firm had no written data security policy while over half of the agents (58%) didn't know about any such policy.

| | Agents | Brokers |
|------------|--------|---------|
| Yes | 22% | 31% |
| No | 21% | 52% |
| Don't Know | 58% | 17% |



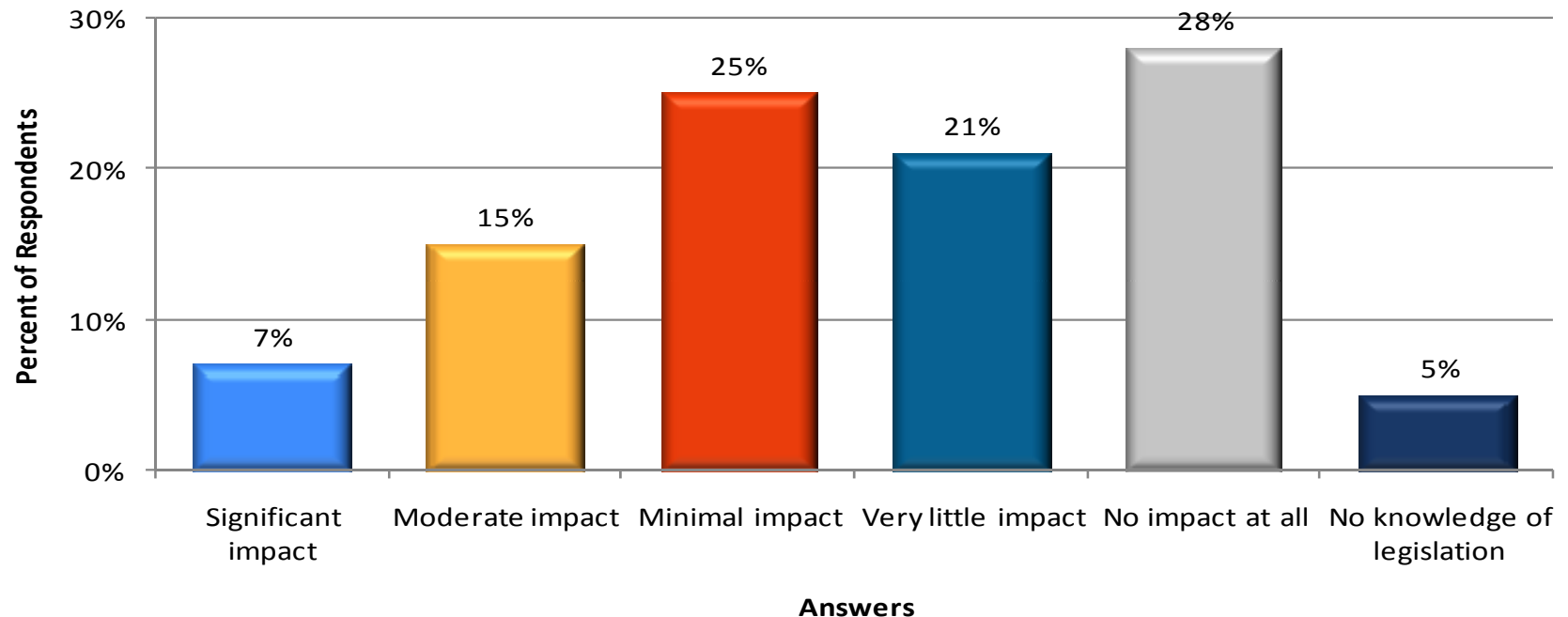
Eighty-three percent (83%) are not sure if their state mandated businesses to provide notice to affected consumers if a data breach occurred involving personally identifiable information.

| | | |
|-----------------|-----|-----|
| Yes | 145 | 16% |
| No | 13 | 1% |
| Not sure | 765 | 83% |
| Total Responses | | 923 |

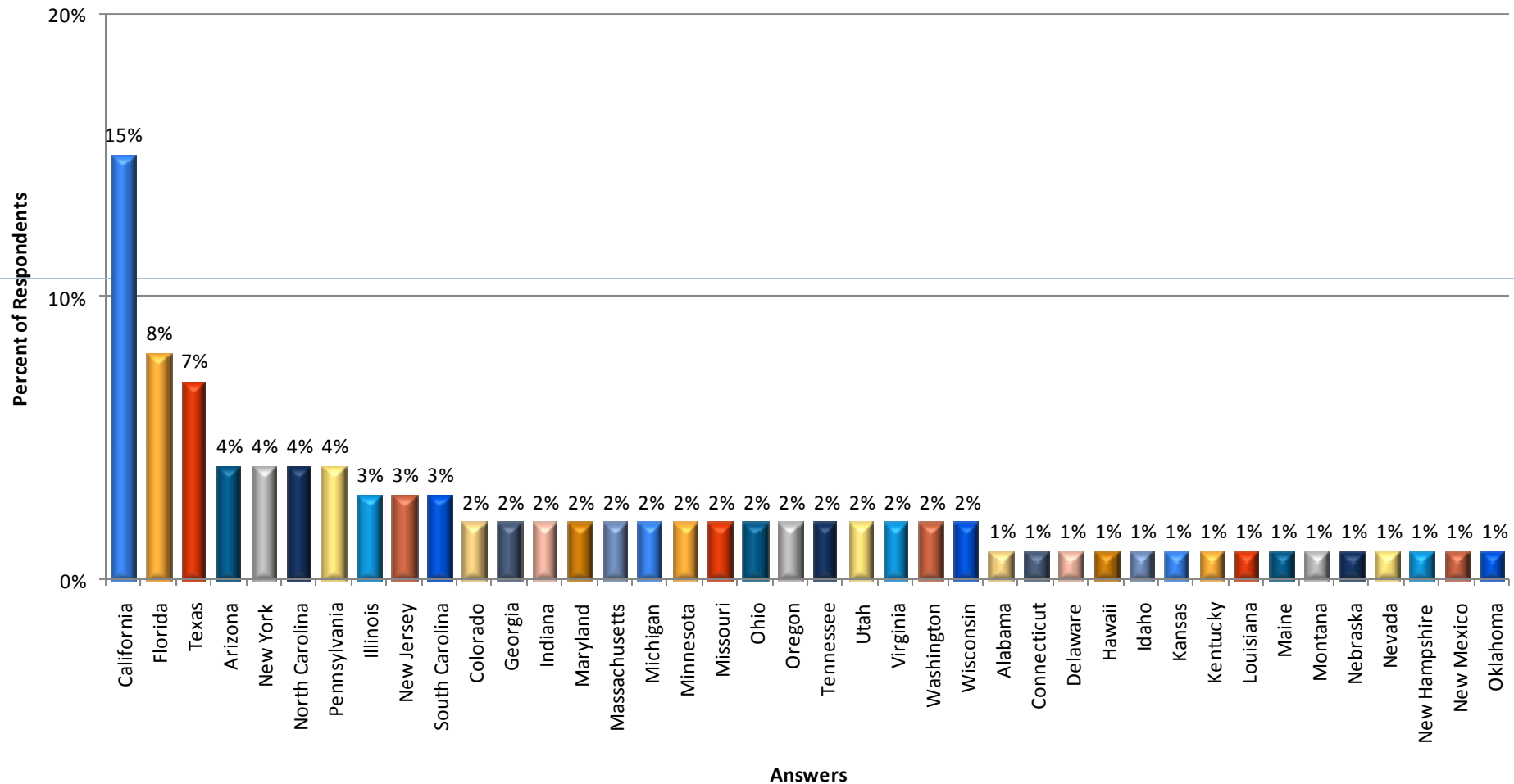


Of the sixteen percent (16%) of the survey population who state that their state did in fact have such a mandate, twenty-either percent (28%) claimed that that had no impact at all on their business. Only twenty-two percent (22%) reported that the state mandate had moderate to significant impact.

| | | |
|-----------------------------|------------|-----|
| Significant impact | 10 | 7% |
| Moderate impact | 22 | 15% |
| Minimal impact | 36 | 25% |
| Very little impact | 30 | 21% |
| No impact at all | 40 | 28% |
| No knowledge of legislation | 7 | 5% |
| Total Responses | 145 | |

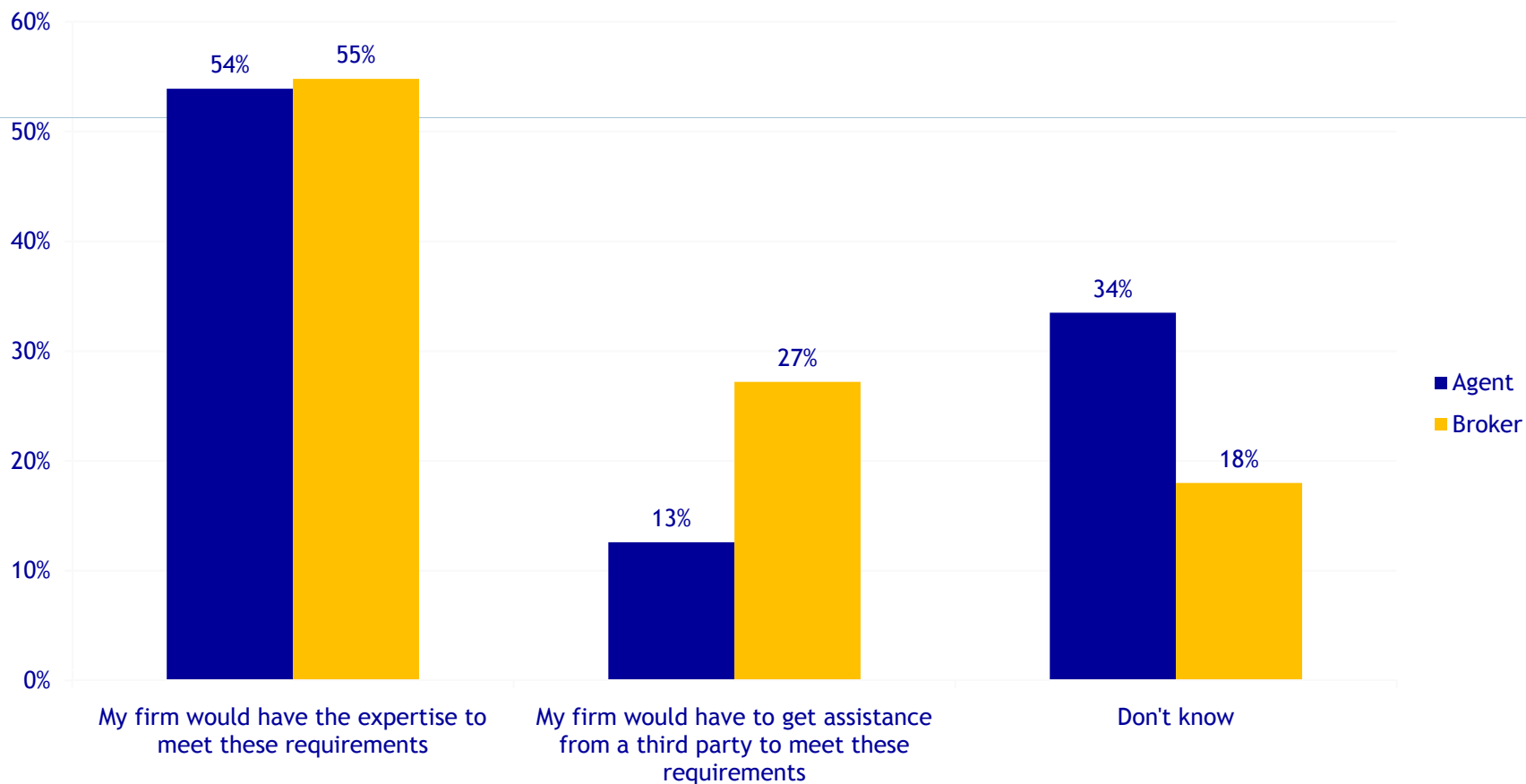


Almost a third (30%) of the survey participants are from California, Florida and Texas. This is reflective of the REALTOR® population as a whole.

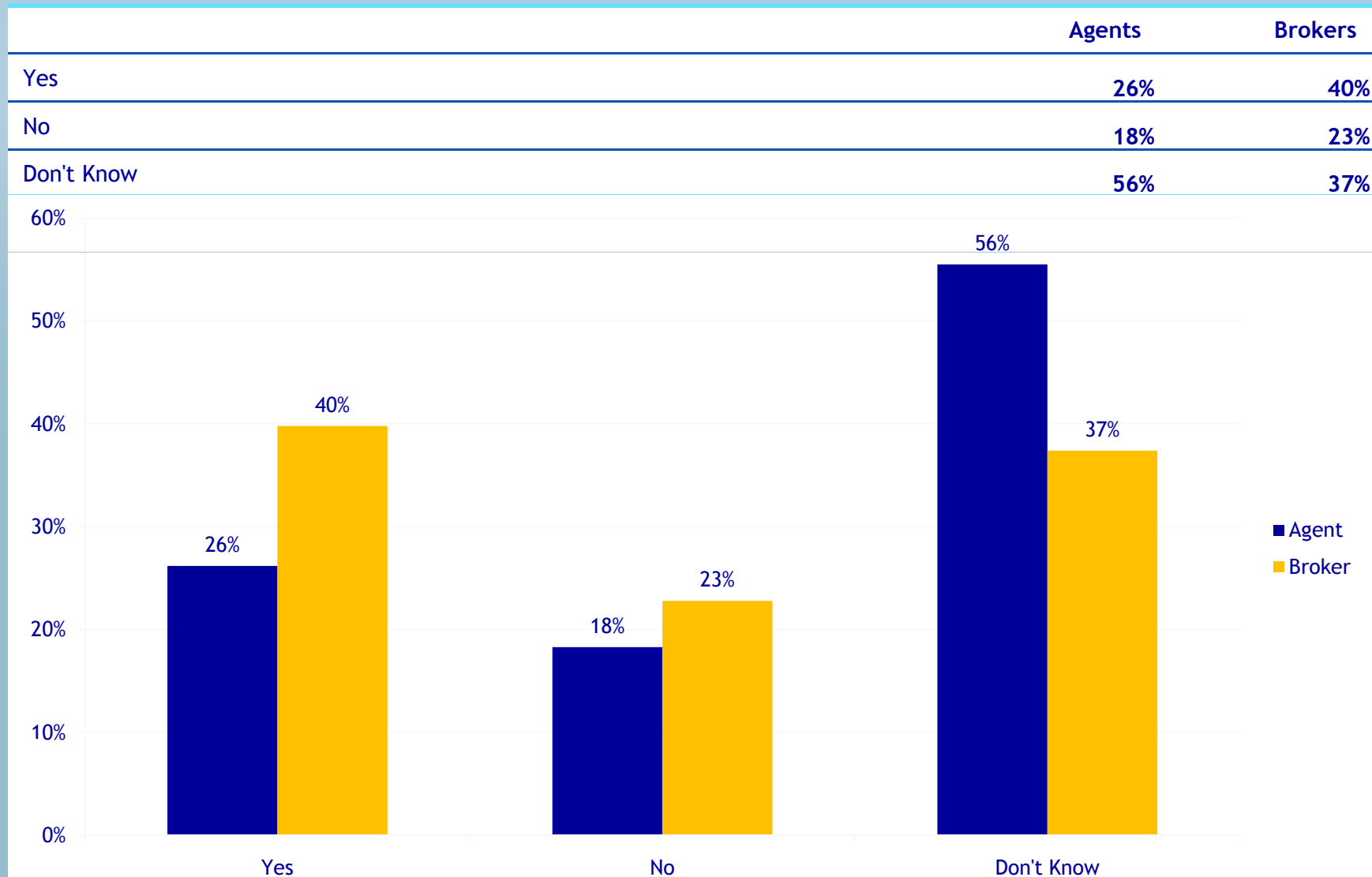


More brokers (27%) than agents (13%) attested that they or their firm would have to get assistance from a third party to meet federal requirements.

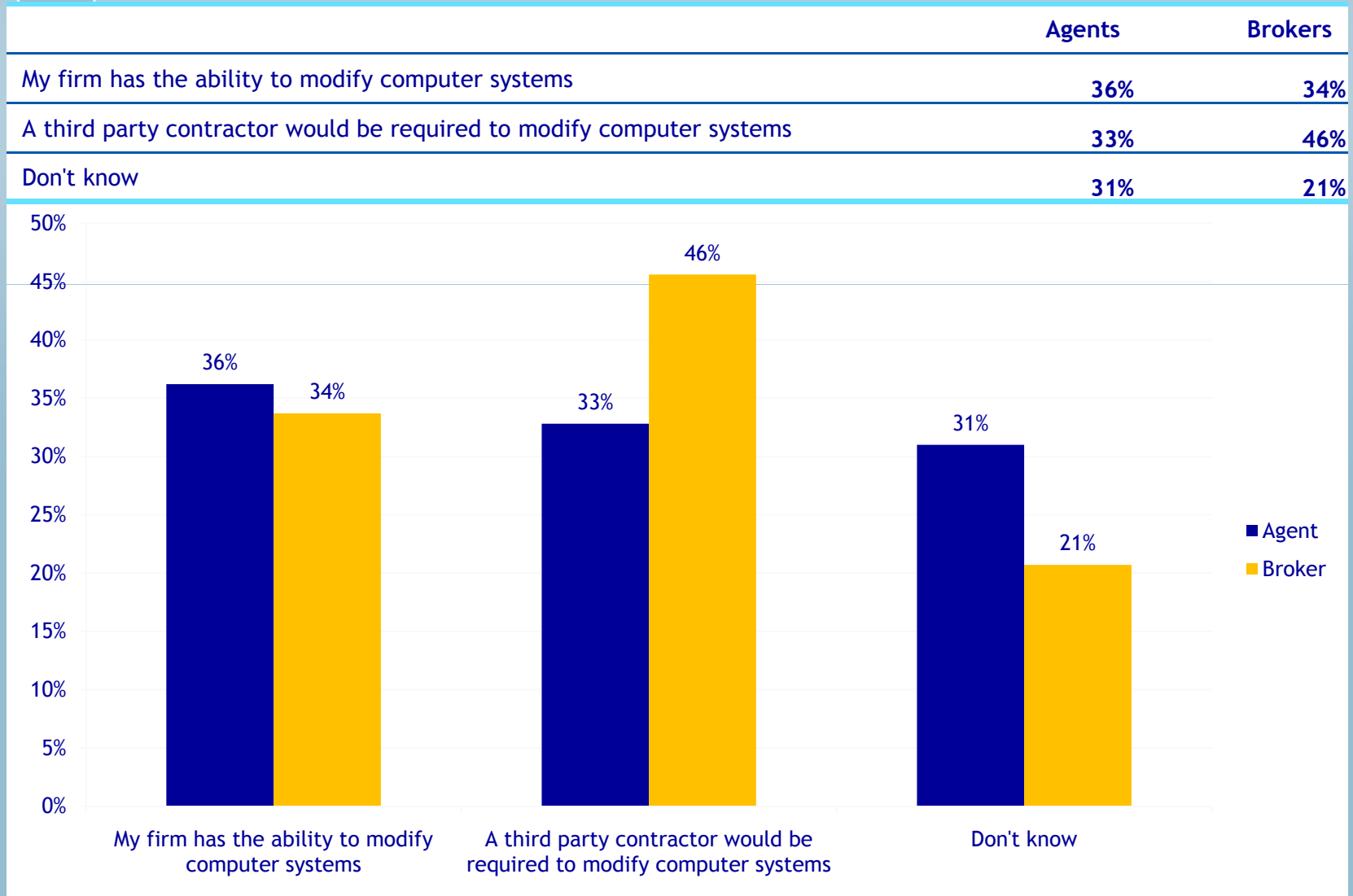
| | Agents | Brokers |
|--|--------|---------|
| My firm would have the expertise to meet these requirements | 54% | 55% |
| My firm would have to get assistance from a third party to meet these requirements | 13% | 27% |
| Don't know | 34% | 18% |



If Federal legislation was enacted, over half (56%) of agents didn't know if they or their firm would face significant costs in complying with mandated security procedures such as notifying consumers if client's personal information may have been compromised by a security breach while forty percent (40%) of brokers implied more cost would be associated with further regulations.



Brokers (46%) were more likely to concede that a third party would have to modify computer systems by adding required security measures if federal regulation were enacted as compared to agents (33%).



Client Notification of Security Breach

If informing consumers of a data breach was needed, most would do it through the following communication vehicles. (In order of most common open-ended answer provided.)

- Mail a Letter/Hardcopy
- Telephone/Voicemail
- E-Mail/Text message
- In person
- Don't Know/Not Sure

Respondents are likely to notify consumers immediately, but it could take up to 2 months while a few others are unsure of how long it would take.

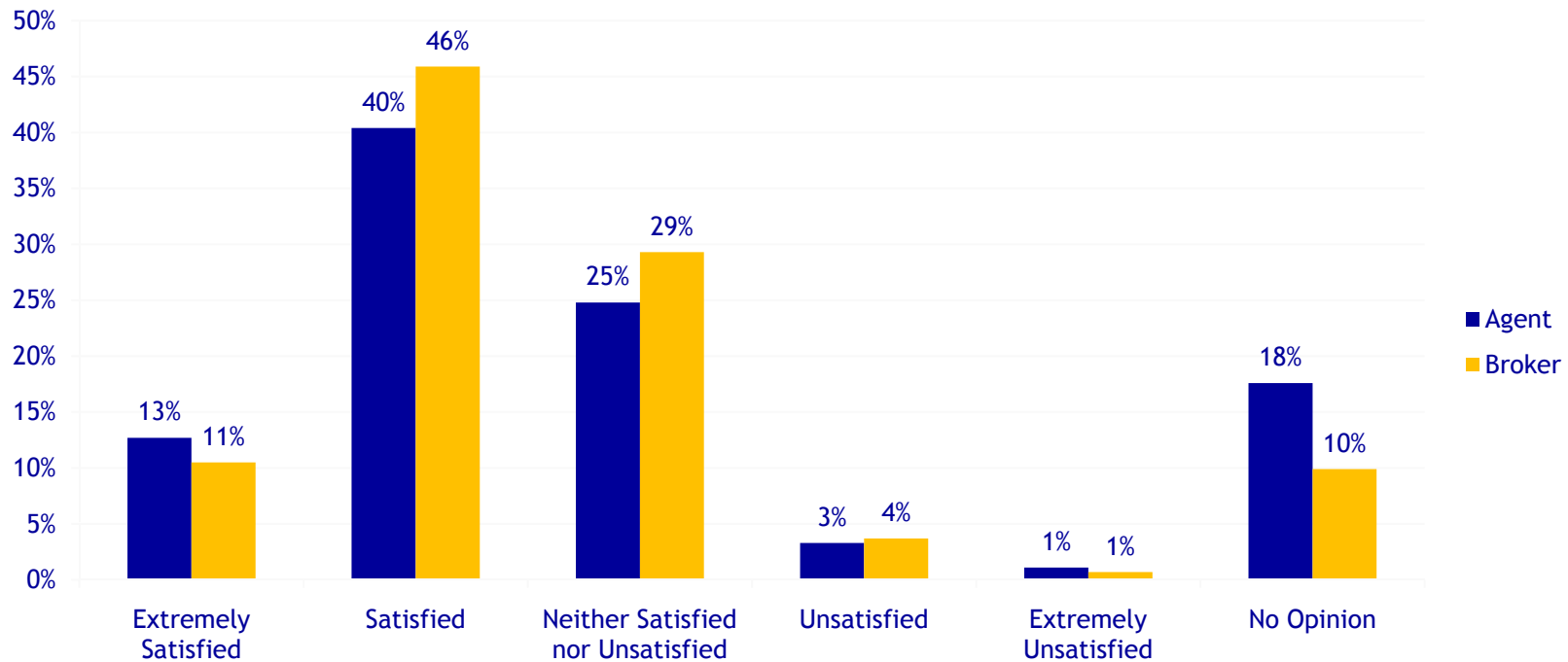
Minimize Client Impact of Security Breach

Respondents were asked what measures might be taken in order to prevent data/security issues. (The following responses appear in order of the most common open-ended response provided.)

- Frequent password changes
- Contact a 3rd party/IT expert
- System change
- Close/shut down/lock down database
- Install encryption technology/backup system
- Report break-in to authorities
- Unsure/don't know

More brokers (57%) than agents (53%) are satisfied with their or their firm's data security, however, more agents (18%) than brokers (10%) simply had no opinion on the topic.

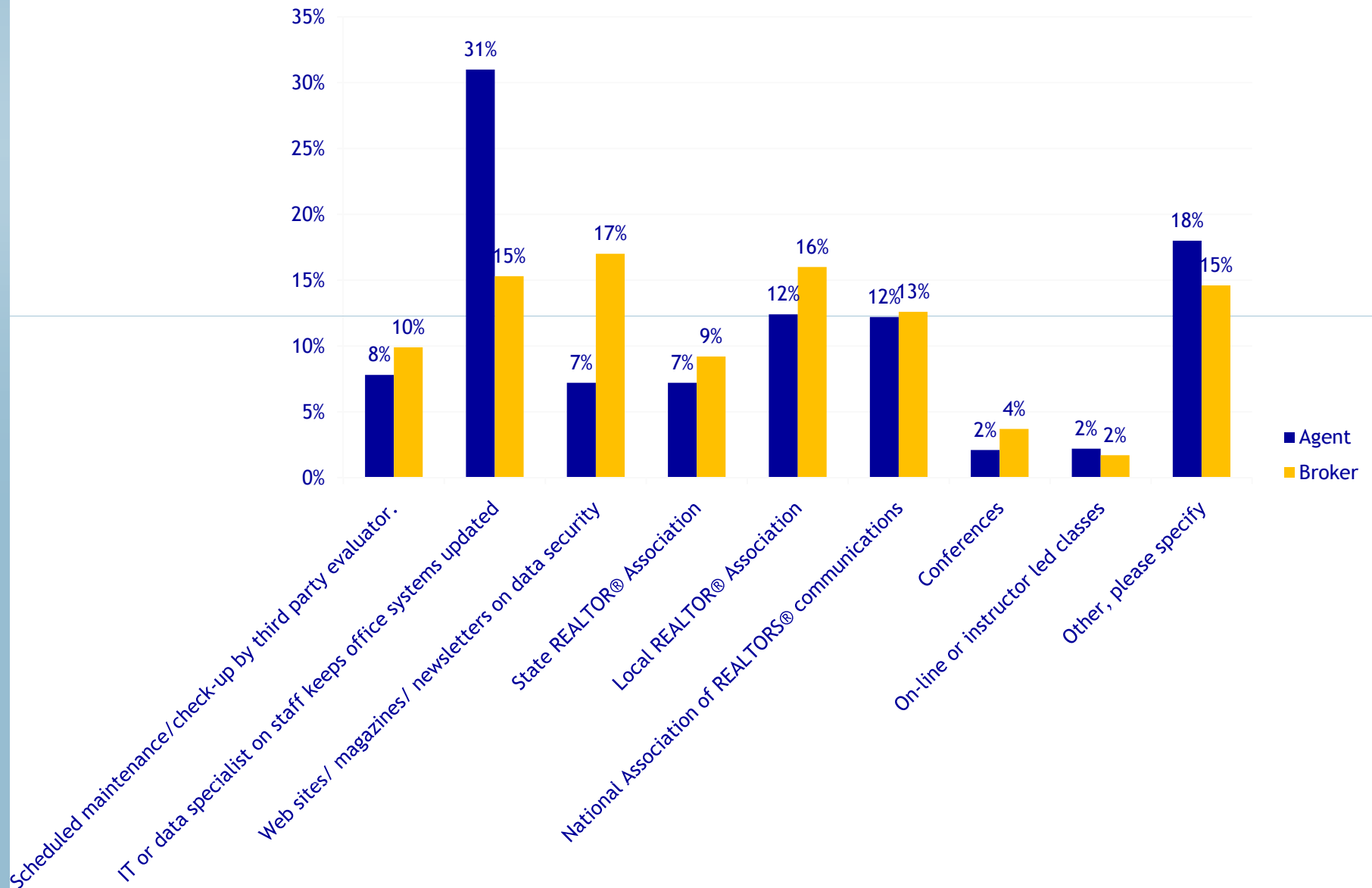
| | Agents | Brokers |
|-----------------------------------|--------|---------|
| Extremely Satisfied | 13% | 11% |
| Satisfied | 40% | 46% |
| Neither Satisfied nor Unsatisfied | 25% | 29% |
| Unsatisfied | 3% | 4% |
| Extremely Unsatisfied | 1% | 1% |
| No Opinion | 18% | 10% |



Agents (31%) rely more on their office's IT or data specialist on staff keeps office systems updated while brokers (17%) rely more on Web sites/magazines/newsletter on data security used to stay informed on data security topics. The “other” category included responses such as all of the above, don't know, brokerage, anti-virus systems, and relatives.

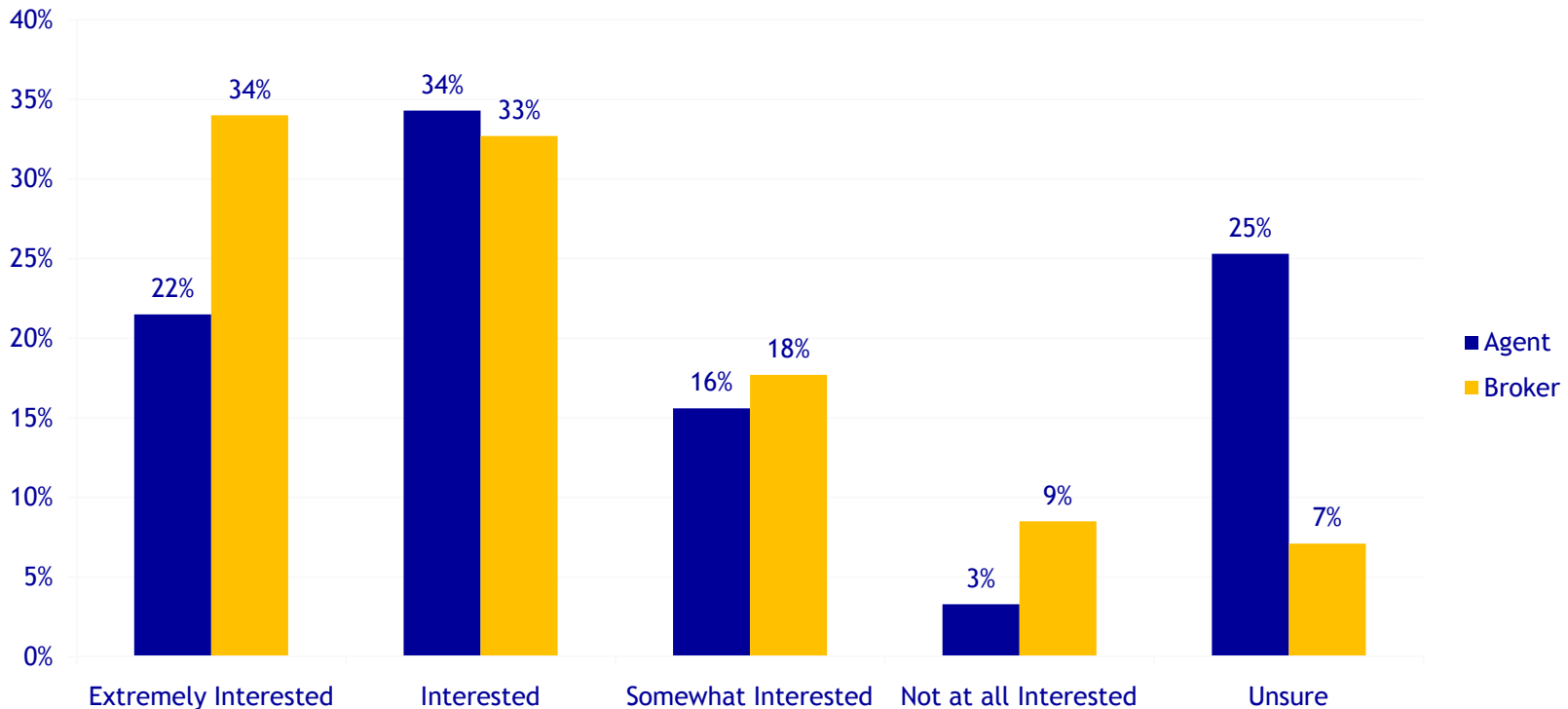
| | Agents | Brokers |
|---|--------|---------|
| Scheduled maintenance/check-up by third party evaluator. | 8% | 10% |
| IT or data specialist on staff keeps office systems updated | 31% | 15% |
| Web sites/ magazines/ newsletters on data security | 7% | 17% |
| State REALTOR® Association | 7% | 9% |
| Local REALTOR® Association | 12% | 16% |
| National Association of REALTORS® communications | 12% | 13% |
| Conferences | 2% | 4% |
| On-line or instructor led classes | 2% | 2% |
| Other, please specify | 18% | 15% |

Data Security Information



Brokers (67%) were significantly more interested in a free NAR education program that offers information and raises awareness on data security, privacy and risk management than agents (56%).

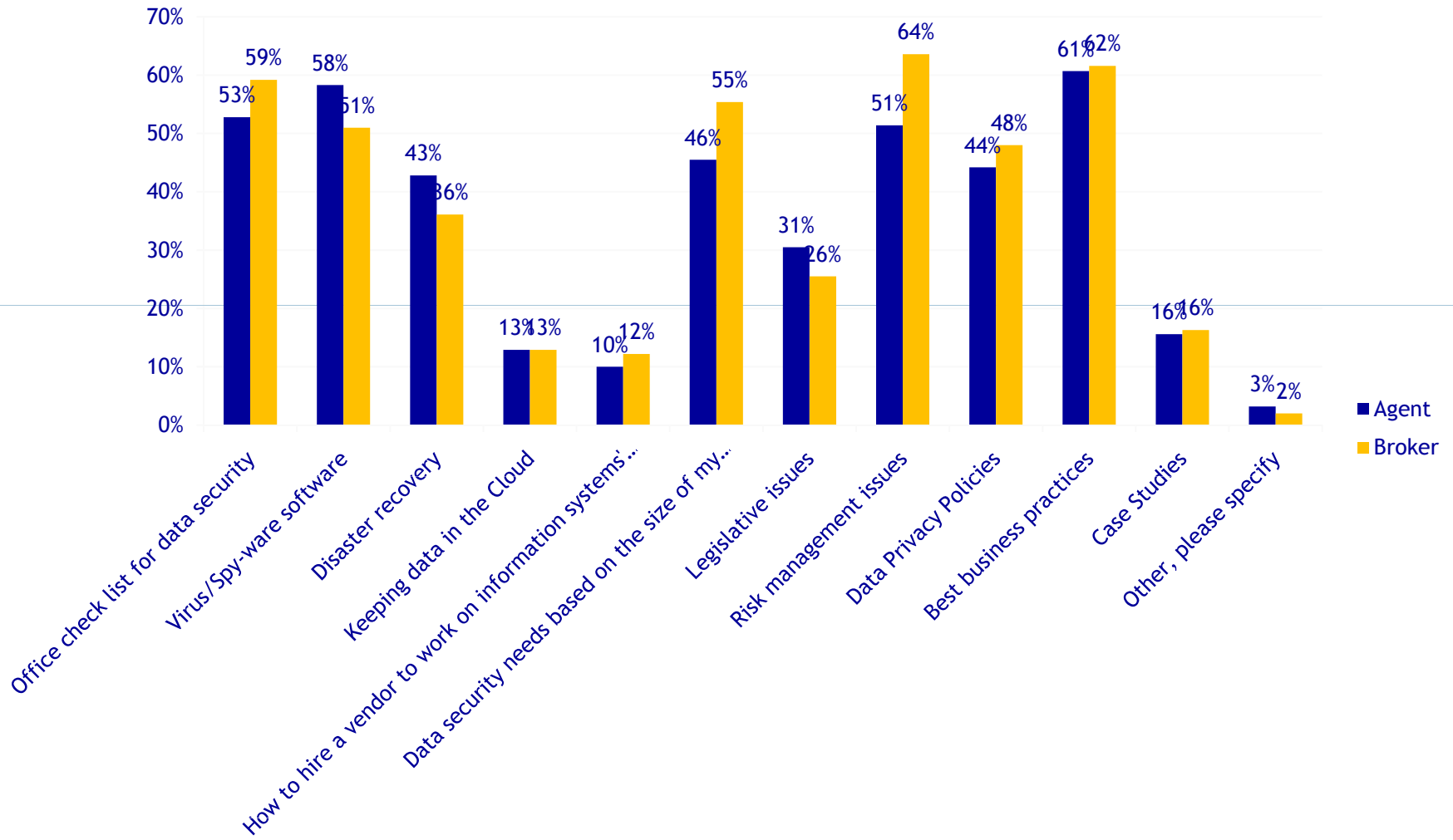
| | Agents | Brokers |
|-----------------------|--------|---------|
| Extremely Interested | 22% | 34% |
| Interested | 34% | 33% |
| Somewhat Interested | 16% | 18% |
| Not at all Interested | 3% | 9% |
| Unsure | 25% | 7% |



Both agents and broker choose Best Business Practices, Virus/Spy-ware software, Risk Management issues, Office check list for data security and Data security needs based on the size of my office/organization as their top 5 data security topics of interest.

| | Agents | Brokers |
|---|--------|---------|
| Office check list for data security | 53% | 59% |
| Virus/Spy-ware software | 58% | 51% |
| Disaster recovery | 43% | 36% |
| Keeping data in the Cloud | 13% | 13% |
| How to hire a vendor to work on information systems' security | 10% | 12% |
| Data security needs based on the size of my office/organization | 46% | 55% |
| Legislative issues | 31% | 26% |
| Risk management issues | 51% | 64% |
| Data Privacy Policies | 44% | 48% |
| Best business practices | 61% | 62% |
| Case Studies | 16% | 16% |
| Other, please specify | 3% | 2% |

Education Topics of Interest

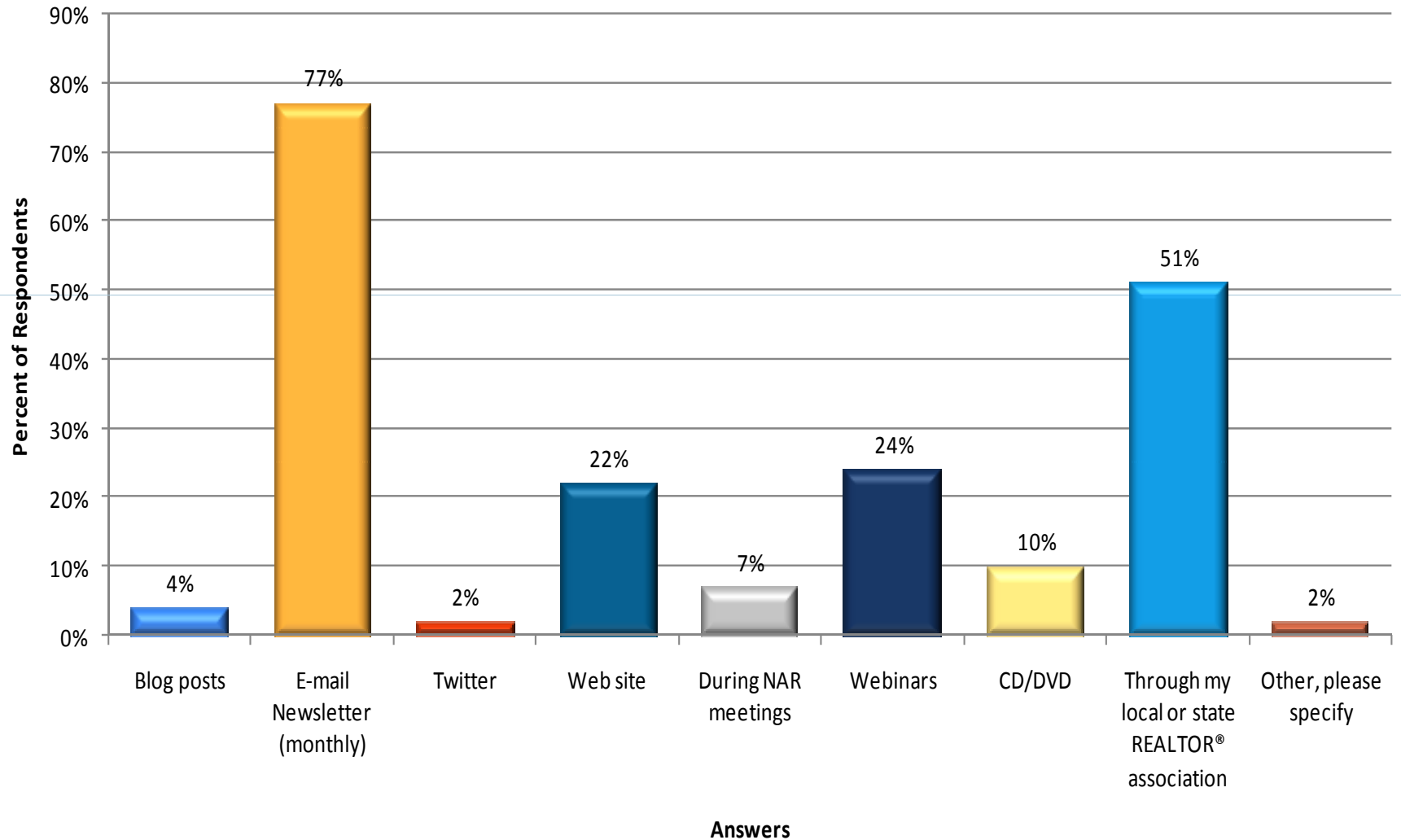


Over half of the survey contributors stated that E-mail newsletter (monthly) (77%) and Local or state REALTOR® Association was the best way to deliver data security information. This is followed by Webinars (24%) and Website (22%).

| | | |
|--|-------------|-----|
| Blog posts | 37 | 4% |
| E-mail Newsletter (monthly) | 708 | 77% |
| Twitter | 14 | 2% |
| Web site | 202 | 22% |
| During NAR meetings | 68 | 7% |
| Webinars | 221 | 24% |
| CD/DVD | 94 | 10% |
| Through my local or state REALTOR® association | 468 | 51% |
| Other, please specify | 18 | 2% |
| Total Responses | 1830 | |



Deliver Data Security Information



Possible Reasons Why a Firm Would Not Participate in the REALTOR® Secure Program

The following are possible reasons provided by Brokers as to why their firm might hesitate about participating in the REALTOR® Secure Program.

- Lack of understanding on the issue of data security
- Not sure
- IT staff is adequate
- Time constraints
- Don't collect personal information

REALTOR® Secure Program Expectations

- Assist my broker/owner/IT department on up to date topics/methods and legislation regarding data security
- Value added seminar
- Explain best business practices
- Establish standardized procedures
- Free/Low cost
- Not sure/no expectations
- High expectations
- More legislation targeting IP providers
- Information about potential security threats
- Encrypted cloud based CRM system with 128 bit secure logon.
- Home/Mobile office data security
- Learn about security/legal liabilities

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Data compiled & report written by
Marketing Research

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