

Lobbying by NAR Serves All Agents, But Also America's Homeowners

This month we had an excellent example of our Realtor dues at work. There was a strong possibility that the new highway funding bill in Congress would have robbed a crucial housing finance fund to pay for our nation's highways.

If it weren't for the lobbying efforts of the National Association of Realtors (NAR) — funded by Realtor dues — there's a good chance that they would have gotten away with it.

The "Fixing America's Surface Transportation Act" (FAST Act) had a provision in the Senate-passed version that would have used the loan guarantee fees ("G-Fees") of Fannie Mae and Freddie Mac as a funding source for highways, but that provision was removed in conference committee, preserving an important pillar of our nation's housing finance system, in which 90% of all home loans are guaranteed by the government.

This was only the most dramatic example of the power of NAR's lobbying and its ability to mobilize its members — the nation's 1.1 million dues-paying Realtors — to educate lawmakers on issues that are important not only to our industry but to you, America's homeowners.

Another recurring threat is the elimination of the home mortgage tax deduction. Imagine the effect if this tax deduction were eliminated. It would have a disastrous impact on our nation's economy, not just on homeowners. It is NAR which keeps the pressure on Congress not to kill that benefit of homeownership.

NAR's lobbying efforts go beyond real estate, investing its resources, for example, in pushing for net neutrality and for patent reform aimed at eliminating the scourge of "patent trolls."

With so many dues-paying members, NAR is a powerful lobbying force in Washington, on a par, I suspect, with the National Rifle Association. Yet there are another million licensed real estate agents who have *not* joined their local Realtor association (which is how you join NAR). These agents shouldn't refer to themselves as "Realtors," which is a trademark, commonly misused as a

synonym for agent. Half of America's real estate agents are not Realtors.

Those non-Realtors either can't or don't want to "pay their dues" — literally and figuratively — to protect the interests of America's homeowners — yet they benefit from NAR's successes.

When you see or hear an advertisement urging you to "make sure your agent is a Realtor," to me this is what it's about.

By the way, NAR's efforts to protect your interests and, consequently, the interests of all real estate professionals are not limited to the national level. Just as much money is spent lobbying our state legislators, funded by the portion of Realtor dues that goes to state and local associations. We are represented by Realtor lobbyists here in Colorado, not only before the General Assembly, but also before the Colorado Real Estate Commission.

Especially in an era when state and local legislators are term-limited, our elected officials need lobbyists like ours to educate them about important real estate issues. An example of this is the highly partisan battle over construction defects legislation. Current Colorado law makes it possible for any condo board — without consulting its membership — to sue their builder for construction defects. The threat of such litigation — which has cost builders and their insurance companies millions — has been a key factor in bringing condo construction to a virtual halt (except for the higher end) in Colorado. That's why so much of the multi-family construction that you see in the metro area is rental apartments instead of condos for purchase.

The battle for construction defects reform is highly partisan, and our legislators need help separating rhetoric from facts. Republicans want to make it virtually impossible to sue a builder, while Democrats understandably want to protect buyers of condos from shoddy construction. My position is that condo associations should be able to sue, but only

after a majority vote of condo owners at a membership meeting. This year's failed legislation required that the vote had to be by a majority of *all* condo owners, whether or not they attend a meeting, which is an unreasonably high bar, since most condo associations struggle to get a quorum of 10% at their annual meetings.

On the state level, term limits have had the unintended consequence of making lobbyists more powerful but also more essential. By the time a legislator becomes truly knowledgeable about issues such as construction defects, he or she has to leave office. That's why well-intentioned and non-partisan lobbyists like ours play such a crucial role. Realtor dues make that possible.

Why would a licensed real estate agent *not* want to be a Realtor? While there may be some agents who don't want to join NAR for philosophical or ideological reasons (which makes little sense to me), for most agents I suspect it's a financial decision.

Selling real estate is not a high-paying profession except for the 10 to 20 percent who are top producers. A statistically significant percentage of agents — I've heard estimates as high as 30% — go an entire year without a commission check. For those agents, paying \$500 per year to support NAR and its state and local Realtor associations is simply not in the cards. Remember, agents also have to purchase errors and omissions insurance (\$200-300 per year), pay license renewal fees, pay MLS fees (over \$400 per year), and renew their contract software annually (over \$200 per year), not to mention car, computer, software, phone and other costs. When an agent has little or no income, NAR's dues are first to go.

NAR expects dues payments from every agent in a Realtor brokerage, and if an agent doesn't join, the broker must pay the equivalent. As a result, brokers

require their agents to be Realtors. The result has been that some brokerages have created similarly named spin-offs which don't have a Realtor in charge and can use their non-dues-paying status to recruit non-Realtor agents.

NAR and CAR (the Colorado Association of Realtors) say in their advertisements that you should ask if your agent is a Realtor because only Realtors subscribe to the Realtor Code of Ethics, but I think buyers and especially sellers should ask if their agent is a Realtor for a simpler reason — you want an agent who is successful enough not to scrimp on expenses. If you list your home with an agent who can not afford to pay Realtor dues, how much do you think he or she will spend marketing your home? Quite possibly, that listing agent will do little more than put your home on the MLS with point-and-shoot photographs and wait for other agents to bring a buyer. That ends up giving the rest of us agents, including Realtors, a bad image.

Statistics show that Realtors are more successful than non-Realtors. For example, the 290 Realtor agents at **HomeSmart Realty Group** averaged 2.1 sold listings per agent this year (through last week). The 248 non-Realtor agents at its sister brokerage, **HomeSmart Realty Group of Colorado**, averaged 1.2 sold listings per agent. The 355 Realtor agents at **Brokers Guild Cherry Creek Ltd.** averaged 2.6 sold listings per agent, but the 405 non-Realtor agents at **Brokers Guild Classic** averaged 1.2 sold listings per agent. The 293 Realtor agents at **Your Castle Real Estate, Inc.** averaged 4.2 sold listings per agent, but the 189 non-Realtor agents at **Your Castle Services** averaged only 1.1 sold listings — not exactly a living wage.

Golden Real Estate's nine Realtor agents averaged 5.8 sold listings in 2015, plus an equal number of closings in which they represented buyers.

REAL ESTATE TODAY



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