



NATIONAL ASSOCIATION OF REALTORS®
The Voice For Real Estate®

500 New Jersey Avenue, NW
Washington DC 20001

PUBLIC AFFAIRS

800.874.6500
Fax 202.383.7563

OPERATION TIP-OFF PUBLICITY ALERT

60 Minutes This Sunday

May 8, 2007—The long-awaited 60 Minutes segment on real estate will air on CBS this Sunday at 7 PM Eastern and Pacific Times. After dealing with the 60 Minutes investigative reporters for more than a year, here is what we expect.

The segment by Leslie Stahl will focus on the impact of the internet on the brokerage business and focus on the emergence of "Internet" business models and contrast them with "traditional" full-service model. The show will include a lengthy interview with Glenn Kelman, CEO of Redfin, the Seattle-based company that claims to be "the industry's first online brokerage for residential real estate." The piece will include interviews with sales agents for full-service brokerages in the Seattle area. It may also include some footage from the NAR annual meeting in New Orleans, where a 60 Minutes crew was on site for three days.

The segment may mention NAR's anti-trust lawsuit over our Internet listing display policy but it will not delve into the topic in any depth. NAR staff spent many hours educating the CBS producers about the issue and they decided not to get into the issue. Nor will the segment likely discuss at length minimum service rules or other issues raised by critics like the Consumer Federation of America like the make-up of real estate commissions.

Once they delved into the charges and counter charges surrounding competition in real estate, the producers found that the whole topic was much more complex and not nearly as clear cut as it appeared. The entire segment was almost killed this spring. However, CBS apparently decided that it had so much invested in the story that it went ahead with a highly abridged version.

Bottom line is that we don't expect that the segment will make Realtors[®] happy but it could have been much, much worse. Be glad that it's Mother's Day and the show will probably draw fewer than its average 14 million viewers.

How to Respond to 60 Minutes

Here are some talking points should you get calls from members or local media:

- (for members) NAR and many brokerages worked for the past 12 months with 60 Minutes producers to educate them about the industry and to correct misconceptions created by the Justice Department and our critics. The fact is that the segment represents a very small part of the issues 60 Minutes explored and the segment that aired could have been much worse.
- [name of your board/association] supports all business models and favors none. Our membership includes at least Realtors[®] who work on a full service basis as well as those who consider themselves to be limited service, fee-for-service, minimum service, and discounters.
- Real estate is a highly competitive business. About one in every 86 adults is a Realtor[®]. During this market slowdown, it has become even more competitive.
- The real estate industry has harnessed technology to for the benefit of consumers, and will continue to do so. Real estate is both high tech and high touch.
- There is no such thing as a "standard commission." Commissions are negotiable and prices vary. The fact is that commission rates have decreased 16% from 1991 to 2004 (source: Real Trends).

Do You Believe in Coincidences? DOJ Issues Two Year Old "Report"

The week before the 60 Minutes segment is scheduled—and NAR's Midyear Meeting—the Department of Justice issued a "report" based entirely on a "workshop" loaded with industry critics held in October, 2005.

Much has happened in the world in the past 18 months. For a little perspective: in October, 2005, President Bush nominated Ben Bernanke to succeed Alan Greenspan as chairman of the Fed; the Chicago White Sox beat the Houston Astros to sweep the World Series; and home sales were near record highs in all regions.

DoJ's report was almost ignored by the media, generating a modest AP story and an article in Inman. Go here for a copy of the DoJ news release: http://www.usdoj.gov/opa/pr/2007/May/07_at_335.html and go here for a copy of the "report": <http://www.usdoj.gov/atr/public/reports/223094.pdf>.

Below is NAR's response.

REALTOR[®] is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS[®] and subscribe to its strict Code of Ethics.



WASHINGTON (May 8, 2007) – Pat V. Combs, 2007 president of the National Association of Realtors® released the following statement on a government report:

“The real estate industry is dynamic, entrepreneurial and fiercely competitive. Nearly 1.3 million Realtors® in more than 200,000 active office locations and branches provide consumers everywhere an extraordinary selection of qualified professionals offering a variety of business models to meet their real estate needs.

“For the past 25 years, the association has conducted membership education and training programs to ensure compliance with anti-trust law. The report released today is based on a government workshop on competition in the real estate industry that was held nearly two years ago.

“The Internet is making real estate even more competitive and more transparent to consumers. Many sources of information are readily available online, but most home buyers and sellers who use a real estate agent depend on that agent to provide information about the buying and selling process and to interpret information about their market. Consequently, most home buyers start the process by searching online for home listings as well as information about mortgages and related real estate services, but nearly 80 percent still look to a real estate agent to find and finalize the transaction. Reputation, experience and professionalism are still noted as the most important qualities to home buyers and sellers when hiring an agent.”

For Further Information on this issue of Operation Tip-Off

Contact Steve Cook, VP of Public Affairs and Strategic Planning, at scook@realtors.org 202 383-1014.

Operation TIP-OFF is a service to Realtor® leaders from NAR Public Affairs. It is a cooperative exchange of intelligence and information on news media coverage of issues critical to Realtors®. Operation TIP-OFF will provide Realtor leaders advance information on potentially news-making events. Feel free to share this information and document with your Realtor® members.