

Want to Taste Real Estate Alphabet Soup?

N.A.R., C.A.R., C.S.I., G.R.I., D.R.E.—how much more confusing can real estate get? Here's a short primer in real estate alphabet soup:

N.A.R. – The National Association of Realtors is the national lobby group of most realtors today. They invented the term “Realtor” back in the 1940s and guard its use as a service mark by discouraging the spelling “realtor”. Membership is not required to practice residential real estate, any more than adherence to N.A.R.’s “Code of Ethics” is actually practiced by its members. Traditionally, N.A.R.’s “R” logo was half-jokingly referred to as “the Republican ‘R’”. Not all Republicans have been so receptive to N.A.R.’s overtures lately, however. Fearing a decimation of its ranks of mom-and-pop brokerages, N.A.R. mounted a major lobbying effort to block Republican-favored national legislation that would allow banks to enter real estate sales. (The U.S. Treasury Department wants to classify real estate sales as a “financial service” like any other banking activity.) N.A.R. is also battling a challenge over how information about properties listed for sale in the MLS (Multiple Listing Service) may be used on the internet. The U.S. Justice Department, which has filed an anti-trust lawsuit against N.A.R., contends that the policy of restricting MLS information by brokers is anti-competitive and leads to higher costs to consumers. N.A.R. counters by saying that brokers have a right to decide how MLS information may be used by other, competitive brokers on web sites. Is it right, for example, that ABC Realty’s listings should be advertised by XYZ Realty on the internet in a way that steers customers to XYZ Realty? The MLS, believes N.A.R., is not a public utility, but a private database that allows individual brokers to elect whether listings, their work product, may be used by others, or not. Further, N.A.R. believes, the internet has fostered new business models—in an already highly competitive industry—and has sought to have the suit dismissed. Stay tuned...

C.A.R. – The California Association of Realtors is the statewide lobby group that is analogous to N.A.R. While C.A.R. works closely with the state government in formulating changes to the law that benefit everyone in the real estate food chain, they also lobby hard for self-serving issues, too. For example, C.A.R. has fought hard against “upon-sale” retrofit requirements, arguing that to force home sellers to retrofit ultra-low flush toilets is a hardship that will cramp business. Nonsense. Sellers in the city of Los Angeles have been changing out toilets for years now—and saving millions of gallons of precious water—without revolt or complaint from buyers. Has C.A.R. no “green” awareness?

D.R.E. – The California Department of Real Estate performs many valued functions, not the least of which is the licensing of about 500,000 California real estate licensees. C.A.R. has urged the overhaul of state licensing exams and the “continuing education” process that licensees must complete to renew their licenses. It’s about time. Getting a driver’s license is more difficult in California than getting a real estate license. At least with the driver’s license exam, there is

a “behind-the-wheel” portion to test real world proficiency. Nothing equivalent exists in the D.R.E. exams. If a person can memorize answers to a raft of multiple choice questions, that person can probably pass the real estate exam. Things are so bad that recently an interpreter was required in my office for both the buyer and the buyer’s BROKER! Bear in mind that the exams are given in English only.

“Continuing education” is like going to traffic school: a waste of time. Test subjects include material such as alcoholic beverage laws that are irrelevant to the practice of residential real estate. Further, licenses may be renewed online without verification of who is actually taking the exam. The C.A.R. and the D.R.E. should make having a real estate license meaningful by raising the bar for entry. Is it any wonder that over 100,000 new real estate licenses have been issued in the last three years alone?

G.R.I.; C.S.I. et al. – Graduate Realtor® Institute, Certified Residential Specialist and other designations after a realtor’s name in no way guarantee more and/or better client service. If you want to find a top producer in real estate, examine realtors’ resumes. Success is built upon success in the real world—not in classes.