

## What is REALTOR.com?

REALTOR.com was established in November, 1996 as the exclusive listing site of the National Association of REALTORS® (NAR), owned and controlled by REALTORS®, and the only real estate web site committed to keeping REALTORS® centric to the real estate transaction. The National Association of REALTORS® (NAR) owns a for-profit subsidiary called the REALTORS® Information Network™ (RIN). RIN has an operating agreement with RealSelect which is a subsidiary of the publicly traded Move, Inc. (NASDAQ:MOVE), formerly Homestore.com, Inc., allowing it to operate REALTOR.com. All revenues of RIN accrue to the National Association and are expended under the direction of the Association's Board of Directors to benefit all members.

At the time it was formed, many business models were considered to finance the development of REALTOR.com. NAR's leadership decided against using dues dollars or asking for a special assessment of the membership to fund REALTOR.com. While Move and its investors have spent hundreds of millions of dollars to build and operate REALTOR.com, no NAR funds or NAR member dues dollars have ever been used for the creation or operation of the site. This public/private partnership between NAR and Move is unique, and has been studied by the American Society of Association Executives and other associations here and abroad as an innovative business model.

REALTOR.com supports and extends the REALTOR® brand and awareness on-line, and its success has insulated REALTORS® from business models intended to disintermediate them or force unfriendly tariff models upon the industry.

REALTOR.com is the world's largest single source of homes for sale, listing more than 4.3 million properties in the US and Canada, aggregated from over 900 MLSs as of March, 2008. The collective commitment and support of NAR's members to provide the most comprehensive real estate property site on the entire Internet, has been recognized and rewarded by consumers, enabling it to capture the lion's share of eye ball traffic directed towards real estate web sites. Overall, 10% of all the time spent by consumers visiting a real estate site is spent on REALTOR.com, frequently ranking it in the top 150 of all web sites based on unique visitors. With more than 80% of consumers searching online, REALTOR.com provides REALTORS® with the largest audience of consumers actively engaged in buying or selling a home on the Internet. Specifically, in March, 2008 REALTOR.com received over 6.2 million unique visitors and these individuals viewed over 564 million pages. REALTOR.com is far and away the #1 homes-for-sale web site, a position it's held since it was first launched a decade ago.

Maintaining REALTOR.com's dominance as the most visited real estate web site on the Internet is not an inexpensive proposition. 70% of Internet traffic comes from four major portals, and Move spends millions of dollars annually on relationships with these portals to exclusively drive consumer traffic to members' listings. REALTOR.com currently has exclusive relationships with two of the largest Internet portals, Move.com and MSN. Relationships with the *Wall Street Journal* and other sites, as well as a number of real estate franchises, all direct additional traffic to the site. REALTOR.com hosts gateways for Cendant's ERA, Century 21, and Coldwell Banker franchises; as well as Prudential Real Estate, and RE/MAX.

Not only does REALTOR.com provide a REALTOR®-friendly level playing field, each member is afforded the same opportunity to decide how they want to use the site in their own Internet marketing strategy. Regardless of whether a member uses REALTOR.com's Marketing System tools, each property ad is viewed over 1000 times a month -- a very significant amount of lead potential at no cost.

Move is responsible for all REALTOR.com product offerings and pricing, utilizing a media based pricing model to competitively price their offerings with other similar media delivering traffic on-line and off, such as on-line display advertising, newspapers, portal site pay per click, etc. NAR does not actively promote REALTOR.com products and services and its endorsement is limited to the FREE basic REALTOR® property ads. NAR does not have regulatory control over their pricing like a public utility, instead pricing is market based.

Thousands of REALTORS® effectively incorporate REALTOR.com into their marketing, prospecting, selling, and service value propositions through such notable programs as Featured Homes, Featured Community, listing enhancements including virtual tours, videos, neighborhood information, and personal web sites.

REALTOR.com Marketing System products help members leverage their Web presence to market their clients' properties on-line and offline. These tools empower REALTORS<sup>®</sup> to secure more listings, sell more homes and promote themselves to the largest qualified on-line audience of homebuyers and sellers in history. It has helped thousands of REALTORS<sup>®</sup> to compete and thrive in the Information Age.

NAR owns the domain REALTOR.com and licenses its operation to Move. The site is governed by an agreement with strict controls to ensure that NAR members' best interests are represented on the site. There are many control points in this agreement, and there are other things related to the site's operation including product offerings and pricing which are not. Some of the key points of the agreement include:

1. All members are listed in the Find a REALTOR<sup>®</sup> "white" pages directory at no cost.
2. All Real Property Ads (listings) are aggregated from participating MLSs at no cost to the broker or listing agent; and include a property photograph, brokerage name and phone number.
3. FSBO listings are not permitted on REALTOR.com.
4. There are very tight controls over advertising permitted on the site, including from other REALTORS<sup>®</sup>.
5. REALTOR.com will never charge members a referral fee (tariff) for consumer leads.
6. There are very strict protections on the use and display of data on REALTOR.com.
7. Specific performance standards are outlined relating to system performance, hardware, and communications equipment.

NAR has substantial input on the operation and activities of Move, through the recommendations and feedback it provides, and through its two representatives on Move's Board of Directors. They are very responsive and welcome NAR's input, but NAR does not control the business decisions or overall operations of Move.

As a publicly traded company Move, Inc. must have a business model to break even and hopefully provide a return to its investors. To date, although they have invested hundreds of millions of dollars in REALTOR.com, they have only begun to generate an operating profit in the last few business quarters. Their revenue model relies on advertising and other goods and services - as opposed to a commission share, referral fee, or other means of extracting money from the real estate transaction. Microsoft and many others have drawn back their efforts because it is very challenging if not impossible to find a viable business model to successfully operate as a national aggregator in the real estate vertical. Recently, sites like Zillow.com, RealEstate.com, LendingTree, HomeGain, and ServiceMagic have unfortunately gained traction with business models attempting to insert themselves between REALTORS<sup>®</sup> and their customers, with some extorting a percentage of the transaction commission for generating leads.

Thankfully to date, REALTOR.com with REALTOR<sup>®</sup> support has been successful in fending off business models that are unfriendly to the industry. Hopefully this will continue to be true in the future. In the end, a healthy Move, Inc., and REALTOR.com are in our best interest.