



TO: All TAR Members

Since the TAR Directors Meeting on March 17th, there have been many questions and comments regarding TAR's dues, including the \$15.00 earmarked for Issues Mobilization, and the \$20.00 dues assessment for 2010 that was approved by the Directors during that meeting. Some members apparently misunderstand TAR's current dues since they have stated they do not believe a dues assessment to TAR's current dues was necessary. I will address this issue first.

TAR's current dues are \$85.00 per member – \$15.00 of which is earmarked for the Issues Mobilization Fund. In the past TAR has never had an assessment. The \$20.00 dues assessment for 2010, approved by the Directors at the March meeting, will be the first dues assessment TAR has ever had.

Prior to the \$15.00 dues increase in 2009, earmarked for Issues Mobilization, TAR has not had a dues increase since a \$5.00 increase in 1993 (16 years ago).

Regarding the \$20.00 dues assessment approved for 2010, I have been asked why we need the increase, why it is an assessment rather than just a dues increase, and why was it decided at the March Directors Meeting rather than waiting until the September Directors Meeting. I hope the following information will help clear up any confusion concerning TAR's dues and the dues assessment for next year.

Why more dues income is needed

With the decline in membership this year, TAR dues income is less than was anticipated when the 2009 budget was prepared last July.

During the preparation of the annual budget each year, we contact local associations to find out what they think their membership gain or loss for the coming year will be. We also ask TREC for a report on the number of new licenses being issued compared to the prior year. Various real estate schools are contacted to find out how many people are taking the pre-license courses to better anticipate the number of new licensees.

Until this year, the last time TAR had a decrease in membership was in 2000 and the loss was 287 members. The last decrease in membership prior to 2000 was in 1992 and the loss was 477 members that year. Both those years, the local associations had anticipated a much greater loss but TREC was still issuing a lot of new licenses and the schools offering pre-license courses were still having a lot of people take courses.

The Budget and Finance Committee reviews all this information to estimate membership and dues income for the coming year. Last year there was a large variance in membership projections among the local associations. As it turns out most but not all of their projections were low and thus TAR's was as well.

In preparing the 2009 TAR budget last summer, the Budget and Finance Committee made the decision not to cut services to the members even if TAR ended up with a budget deficit for the year. It was felt the members would need the services more than ever with the industry facing so many challenges. In all the prior years that TAR had a healthy budget surplus, the Committee did not look for a way to spend those funds but instead invested the funds to build up the General Reserves for years when there is a budget shortfall. That is why it is critical to replace some of those reserves so they will be there if and when they are needed again so TAR does not have to cut the services to its members.

Without a crystal ball, it was impossible for anyone to know whose membership projections were more on target for this year. In prior years the decrease in membership has always been much less than projected. With this being the only year TAR has ever projected more members than it ended up with, it is obvious the Budget and Finance Committees has done an outstanding job in budgeting and managing TAR's funds. This has allowed the Association to provide meaningful services to its members and, at the same time, protect the industry through TAR's governmental affairs program and lobbying efforts. We have talked to the other state associations around the country and all of them have lost members this year and most of them have also experienced a greater decrease in membership than they projected.

Even with the 2009 \$15.00 dues increase, earmarked for Issues Mobilization, TAR's dues remain one of the lowest of any State Association in the nation. No State Association under 25,000 members has dues less than \$100.00 per member.

With the exception of some low cost education programs, TAR provides all other services, at no additional cost, to its members such as: the Legal and Ethics Hot Line, Real Estate Forms (both static and interactive), Technology Hot Line and all communications including a weekly TAR Digest. Some State Associations do not offer any or all of these services to their members and of those that do, many of them charge a fee to every member for each of these services.

Why a dues assessment rather than a dues increase

The \$20.00 assessment is for the year 2010 only. At the March meeting, the Budget and Finance Committee did not feel as though they had sufficient information this early in the year to know exactly how much of a dues increase would be need to sustain TAR services over the next few years. They did realize, with more than half of the general reserves being spent this year to offset the loss of dues revenue, some of those reserves need to be replaced. Also, at the time, it was anticipated that membership will not increase enough during this year to allow TAR to continue to provide the services they currently do without additional income next year.

As approved by the Directors, a PAG on Dues Structure has been appointed to review TAR's financial position and determine a dues structure based on services and membership and report to the Directors at the September Directors meeting. The findings of the PAG will help determine if there needs to be a dues increase in 2011 and, if so, how much.

Why the dues assessment for 2010 was decided at the March Directors Meeting rather than waiting until the September Directors Meeting

Several local associations do their dues billing before September and some bill as early as July. It was felt it would be unfair to those associations who bill early to cause them to have to do a

second billing that would cost them time and money. It was for this same reason the \$15.00 dues increase for 2009, earmarked for Issues Mobilization, was approved at the March Directors Meeting last year rather than doing it at the September Directors Meeting.

Why TAR needs additional funds for Issues Mobilization

TAR organized a massive effort four years ago to defeat the doubling of the state's real property transfer tax. TAR was successful in getting the Legislature to agree to a five-year moratorium for considering increasing transfer taxes. The agreement also included trigger mechanisms for imposing impact fees and adequate facilities tax.

Knowing the five-year moratorium on transfer taxes would expire in 2010, TAR knew it needed to start preparing for the battle. A Task Force was appointed to discuss the issue and come up with a plan and recommendation for the TAR Directors. The \$15.00 dues increase, earmarked for Issue Mobilization, was recommended by the Task Force and approved by the TAR Directors to provide TAR with the additional resources needed to make the case for home ownership and fair taxation on Capitol Hill. The Issues Mobilization dollars will help TAR in the struggle over transfer tax and support direct advocacy in regard to legislation in the General Assembly, internal education for TAR members, and external media and public relations campaigns to ensure awareness of TAR's concerns and messages across the state. TAR will continue to do everything in its power to advocate on its members' behalf and to support current and aspiring homeowners across Tennessee. TAR is dedicated to ensuring that the rights of REALTORS[®] and homeowners are respected and preserved.

Please understand that, because of the way in which the increase for Issues Mobilization was approved by the Directors in 2008, those monies cannot be used for any other purpose, such as supporting TAR's general services to members or replenishing the general reserves.

I hope the information provided in this email will help you understand the \$15.00 portion of current dues that is earmarked for Issues Mobilization and the \$20.00 dues assessment approved for 2010. If you have further questions, please do not hesitate to contact me. TAR's leadership does want to hear your concerns.

– Fontaine Taylor, 2009 TAR President

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