

June 16, 2016

Board of Director Minutes  
Wilmington Regional Association of REALTORS®  
1826 Sir Tyler Drive

<b>Attending:</b>	Hank Adams	Reid Butler	P. J. Doherty	Fred Gainey
	Don Harris	Neal Johnson	Debbie Lariviere	Chris Livengood
	Sherri Pickard	Sherri Pridgen	Lori Speight	Trey Wallace
	Patrice Willetts			
<b>Absent:</b>	Debbie Evans	Gloria Green	Jeff Lesley	
<b>Guests:</b>	Tony Harrington	Densay Sensoulavong		
<b>Staff:</b>	Jerry Panz	Shane Johnson		

President Don Harris called the meeting to order at 8:31 AM. All members received notice of the meeting. Sherri Pickard gave the invocation and Chris Livengood led the Pledge of Allegiance.

The Board reviewed the 2015 Strategic Plan and discussed the progress on each Goal. The Board interviewed:

- Amy Hedgecock, the presumptive 2017 President-Elect of NCAR;
- Mark Lesswing, Senior Vice President and CTO of the National Association of REALTORS® about issues in the D.A.N.G.E.R. Report regarding technology and other emerging technology issues including AMP, Upstream, Retsly, Trestle.

The Board discussed

- Into the Future an article by Udo Gollub at Messe Berlin, Germany (see pages 8-10)
- Emerging Issue: ADA Compliant Websites: <http://www.ada.gov/pcatoolkit/chap5toolkit.htm>  
[http://www.ada.gov/edx\\_sa.htm](http://www.ada.gov/edx_sa.htm)

The Board heard a presentation by Chuck Earney, CPA, on the consolidated financial for 2015.

By Consent the following was approved:

- 1) The Consent Agenda (attached)
- 2) Jerry Panz and Shane Johnson will attend a meeting with the President and CEO of BASE and Tim Milam, BASE Board member.
- 3) Removing from the 2016 Strategic Plan Goals 2B and 6A
- 4) The staff draft of the items the Board identified from the D.A.N.G.E.R. Report for possible inclusion in the 2017 Strategic Plan. (see pages 3-7)
- 5) Approved the following recommendations from the Executive Committee
  - a) Removing Best Practices from the 2016 Strategic Plan; for the 2017 Strategic Plan develop two videos for inclusion in New Member Online Orientation and made available on website.
  - b) Amending the NAR Director policy to have the NAR Director serve a three-year term.
- 6) Appointing Karen Reece and Debbie Elliott to the Name the Association Task Force.
- 7) Provided funding for legal work to create "Coming Soon" language for either insertion into the listing agreement or an addendum.
- 8) Approve minutes of the meeting

There being no further business, the meeting adjourned at 11:45 AM.

Submitted,

Jerry Panz, CAE, RCE  
Secretary

# Consent Agenda

June 16, 2016

## Approval of:

- 1) **Modification to Executive Roundtable Policy:** The Nominating Committee will certify the election results, notify the member(s) elected and the Alternate Director, the members of the Executive Roundtable, the Board of Directors of the Wilmington Regional Association of REALTORS® ~~-and Multiple Listing Service of the Wilmington Regional Association of REALTORS®~~. The total votes received by any candidate during an election will be disclosed to any member or candidate upon request. **Rationale:** This is a housekeeping issue which I discovered preparing for the Executive Roundtable election this year. With the Governance change, there are no Executive Roundtable members serving on the MLS Board of Directors.
- 2) **For NCAR Awards:**
  - a) REALTOR® of the Year – Patrice Willetts
  - b) Hall of Fame – Faye Brock
  - c) REALTOR® Regional Service Award – Sherri Pickard

**NOTE:** President notified of potential terminations

## Acknowledgment of:

- 1) Financials
  - a) April sent on 5/21/16
  - b) May sent 6/10/2016
- 2) Thank you note from Lisa Estep sent on April 23, 2016
- 3) Thank you note from St. John's Church for community gardens (RAD) May 21, 2016
- 4) After RAD Action Report and Financial Summary May 21, 2016
- 5) Executive Committee Minutes May 21, 2016
- 6) D.A.N.G.E.R Report regarding Dangers for MLS sent 04-30-2016
- 7) Summary of NAR Directors' Meeting sent 05/16/2016
- 8) Letter from Bob Cherry sent 5/27/2016
- 9) Letter from Topsail and Letter from NAR President sent 5/27/2016
- 10) Two NAR press releases of WRAR; Lunch and Learn survey-sent 6/10/2016

Member Totals As of	June 10	May 10	Apr 10	Mar 9	Feb 9	Jan 13	Dec 14	Nov	Oct 13	Sept 3	Aug 13	July 10	June 13
Designated REALTORS®	402	398	398	396	399	397	399	402	404	403	402	397	384
REALTORS®	1,633	1,614	1,628	1,598	1,575	1,547	1,566	1,577	1,572	1,543	1,536	1,506	1,496
<b>Subtotal</b>	<b>2,035</b>	<b>2,013</b>	<b>2,026</b>	<b>1,994</b>	<b>1,974</b>	<b>1,944</b>	<b>1,965</b>	<b>1,979</b>	<b>1,976</b>	<b>1,946</b>	<b>1,938</b>	<b>**1,903</b>	<b>*1,880</b>
Non REALTOR®	31	30	31	29	33	37	28	31	32	31	33	34	38
Secondary REALTORS®	79	82	74	82	102	124	124	126	128	129	126	**139	125
Allied	131	131	131	128	129	130	128	126	120	119	118	115	112
<b>Total</b>	<b>2,276</b>	<b>2,256</b>	<b>2,262</b>	<b>2,233</b>	<b>2,238</b>	<b>2,235</b>	<b>2,245</b>	<b>2,262</b>	<b>2,256</b>	<b>2,225</b>	<b>2,215</b>	<b>2,191</b>	<b>2,155</b>

Section	Issue that Rose Above 3.5	Possible Actions & How Measured
<p><b>A1 Masses of Marking Agents Destroy Reputation</b></p>	<p>This spoke to the broad range of professionalism represented by real estate agents and the fact that many of them are inexperienced, inactive and don't meet anything but the lowest standards, at best. They have a major negative impact on the perception of the profession and make the transaction process riskier or more frustrating for professional agents.</p>	<p><b>Increasing Membership Expectations:</b> Adding to what is required of members when they join to maintain their good standing (additional education, committee service, etc.) could make a strong statement. <b>CEO will develop a background paper with options for the Board to consider. Final Rating 3.9</b></p> <p><b>Urging Use of Citation Policy:</b> Massive education on why the Policy was adopted. <b>Develop a drip campaign for the Past President's to use within their own sphere of influence but invite broker-owners to engage a past president to directly deliver the message at a sales meeting. Final Rating 3.9</b></p>
<p><b>A2-Commissions Spiral Downward</b></p>	<p>Pressure from consumers to feel like they are "getting a deal" means potential sacrifices on commissions. As that pressure continues and increases, supported by consumers feeling empowered by technology and Do It Yourself options, it becomes harder to succeed financially as a real estate professional or brokerage.</p>	<p><b>Promote Value:</b> Aggressively positioning the value of what REALTORS® provide is the best way to protect income. A creative, highly-visible, sustained consumer campaign using advertising, public relations and social media could be of value. <b>Staff will develop and execute a radio and print media campaign. Final Rating 3.6</b></p>
<p><b>A10 - The Agent is Removed from the Transaction</b></p>	<p>Technology is a friend to the profession in terms of speed and efficiency of the property search and transaction process. However, it is also a potential strong enemy in providing more DIY tools to consumers (but that comes with major added risk, even with those tools).</p>	<p><b>Promote Value:</b> Aggressively positioning the value of what REALTORS® provide is the best way to protect income. A creative, highly-visible, sustained consumer campaign using advertising, public relations and social media could be of value. <b>Address with B8 strategy. Final Rating 3.8</b></p>
<p><b>B3: Brokers Lose Control of Data</b></p>	<p>This seems to be a growing concern as a result of data being requested from more sources and inaccurate/outdated information creating distractions and confusion. NAR's Upstream and AMP/RPR are even part of the equation that needs to be clarified.</p>	<p>Making reference to source and accuracy of data in public and member communications. (Highlighting inaccuracy of other sources and confirming accuracy of what WRAR provides – and has provided reliably for years). <b>Address with B8 strategy. Final Rating 3.9</b></p> <p>Provide a background document to area media sources explaining the significance of the issue and affirming their use of your data. <b>Address with B8 strategy using subject matter experts. Final Rating 3.8</b></p>

<p><b>B3: Brokers Lose Control of Data</b></p>	<p>This becomes more of a possibility almost daily with some brands already having taken steps in this direction.</p>	<p>Making sure that the appropriate authorities (real estate commission, etc.) are engaged and that all necessary laws and regulations are being met. <b>Request more information from NCAR on how appointments are made to the NCREC to insure more engagement in this endeavor. Final Rating 4.1</b></p> <p>Watch for “Do-It-Yourself” disasters and make sure they are documented. They can serve as great “hooks” for media stories on what negative things can happen when you don’t use a real estate profession to help with what may be the largest purchase/investment you make. Having a reservoir of examples will serve you well. <b>Incorporate this into drip campaign under B8 strategy. Final Rating 4.1</b></p> <p><b>Provide a letter from the Directors to the state association or their legislative committee encouraging them to research this and prepare to address it when the time comes. Waiting until it happens puts the efforts too far behind to make a difference. Final Rating 3.7</b></p>
<p><b>B5: New Business Models Go Mainstream</b></p>	<p>New business models have been introduced at various times and they have found their place in the profession. The role of NCREC is again a key here. But, the association has a significant role, as well.</p>	<p>Working with the NCREC to be sure that any new business models meet state laws and regulations. <b>Final Rating 4.2</b></p> <p>New models that meet NCREC requirements and those brokers who are licensed and affiliate with those offices are potential members. The Association will welcome them and provide professional development to help build their success. <b>Develop a success series using existing tools for technology products when addressing B7. Final Rating 3.8</b></p> <p>Work with NCAR to anticipate new business models and make sure that both consumers and real estate professionals are served – not harmed – by whatever the new models might be. <b>Address with B7. Final Rating 3.9</b></p>
<p><b>B6: Brokers Simply Go Broke</b></p>	<p>In light of the high number of small brokerages included in the WRAR membership, B6 is a real concern. The downward economic pressure on income due to regulations, legislation and negotiations make survival more difficult for everyone – large or small.</p>	<p>Develop a broker communication resource (newsletter and webpage, direct conversations, etc.) to highlight access to financial tools provided by NAR and/or NCAR. <b>Final Rating 3.8</b></p> <p>Establishing more direct contact with broker-owners will likely result in them being more interested and willing to take advantage of what the association provides and more willing to engage with Association services, programs and events. <b>The Executive Roundtable has not worked the way that it was designed to function. CEO will write a background paper and offer solutions for the Board to discuss and the thrust is now all broker-owners. Final Rating 3.8</b></p>

<p><b>B6: Brokers Simply Go Broke</b></p>	<p>In light of the high number of small brokerages included in the WRAR membership, this is a real concern. The downward economic pressure on income due to regulations, legislation and negotiation, survival is more difficult for everyone – large or small.</p>	<p>Scheduling respected financial management speakers for broker meetings. <b>Task Professional Development Committee to develop programming. Final Rating 3.7</b></p>
<p><b>B7: Technology Becomes a Runaway Train</b></p>	<p>Technology seems to be changing so fast that almost no one can keep up with it. From phones to computers, it seems that whatever you buy new today is obsolete within a very short time.</p>	<p>Reminding both members and the public that personal relationships matter and are most effective in the successful completion of a transaction. Digital communication is helpful, but it works best in the context of relationship. For members, that can be a message in a newsletter. For consumers, some related articles in the media might work best. <b>2017 Signature Series will provide a speaker to discuss how to better develop clients for life. Final Rating 3.8</b></p> <p>Also, staying aware of emerging technology and its use is significant. Providing insights to your members by having a technology fair or technology section at a trade show may be helpful. <b>CEO: this will cost a lot of money to implement. I would prefer highlighting products and video training on technology that is already in use: RPR, ZipForms Mobile, FlexMobile, Realist Training. NAR's technology webpages would be featured. Alternatively, you could develop a program to pay members who submit a technology "tip" and begin a blog on technology. Final Rating 3.7</b></p>
<p><b>B8: FSBO Develops into a Do-It-Yourself Model</b></p>	<p>With all the “Do-It-Yourself” television programs it seems that everyone wants to handle things for themselves. It is nice when that works out well, but there are many situations where it creates more problems and results in some very unfortunate situations. And, it often requires much more time than what is represented on television.</p>	<p>Highlight risk. What happens when things go wrong? Collect examples of difficult experiences from across the country to share with members for their use in talking to potential clients and to the media when there is opportunity for related articles. <b>Staff will work with legal counsel to develop a drip campaign to members to collect stories. Final Rating 3.6</b></p> <p>Highlight the value of REALTORS®. Contrast the professionalism of what REALTORS do. Would you act as your own lawyer or would you hire a professional? If you have a tax issue would you represent yourself at the IRS meeting or hire a CPA? Why not help assure that your home purchase is financially well-considered and the transaction professionally managed to make it the positive experience for you? <b>The Board will approve and staff will execute a higher level of media engagement using subject matter experts. Final Rating 3.6</b></p>

<p><b>B8): FSBO Develops into a Do-It-Yourself Model</b></p>	<p>With all the “Do-It-Yourself” television programs it seems that everyone wants to handle things for themselves. It is nice when that works out well, but there are many situations where it creates more problems and results in some very unfortunate situations. And, it often requires much more time than what is represented on television.</p>	<p>Make sure that the purpose of regulation of the profession is highlighted. There is a reason that the NCREC exists. It involves helping protect consumers from mistakes of both omission and commission that can create legal or financial stress. Public relations could be key in this initiative. <b>Write a NAR grant to obtain money to develop an animation video. If successful, staff will hire a professional to work on the script and type of animation. NOTE: NAR will require that the video be made available to all Associations. Final Rating 3.7</b></p>
<p><b>B9: Sales Tax Threatens Margins</b></p>	<p>Government is always looking for where they can find more funds, or at least it seems that way. And, targeting real estate professionals and real estate transactions is no real surprise. This is yet another factor that could negatively impact the financial health of brokerages. Being prepared to protect it at all times is critical.</p>	<p>Being sure that information is gathered now and position papers created and provided to legislators at every level of government. The intent would be to make the case for why this avenue would not be good for the community. Its impact on potential revenue from property taxes would possibly be negative as it could slow or even stop some transactions. While it may not be something on the agenda for legislators today, it may be helpful to let them know now that it is being watched. Actions in other parts of the country can spark ideas there, so protection is important. <b>Monitor local and statewide groups who want to reallocate sales and hospitality taxes for other purposes. Final Rating 4.0</b></p> <p><b>Develop a letter to NCAR stating the Association's readiness to support dues assessment if necessary. Final Rating 3.5</b></p>
<p><b>C4 – Mission Creep</b></p>	<p>Understanding the core focus and purpose of the association and staying focused on that is key in delivering value as well as helping members see real value in what they receive for their dues. This may be even more important at the local level than at the national level.</p>	<p>Every new issue should be considered in light of the Mission, Vision and Strategic Plan. <b>CEO will develop a matrix through which issues are measured to insure that each is directly related to the Association's Mission. If an issue is not related, then the Board will either 1) revise its Mission; 2) send the issue to another group whose mission is more aligned with the issue; or, 3) not do it. Final Rating 4.0</b></p>
<p><b>C7 – Insufficient New Blood</b></p>	<p>The average age of REALTORS® is now in the mid-50's or higher. However, the future of the profession rests with a younger set of members engaging in leadership and governance. That is not happening organically and needs to be cultivated or the foundation of the association will erode and its impact become diluted and reduced.</p>	<p>Leadership Training Program: Leadership WRAR program will be structurally changed to invite potential leaders (as recommended by their brokers, Bboard members and past graduates. Additional education will be provided to equips them to understand and work in the Association and invites their involvement and ideas. Producing a pipeline of future leaders is Mission Critical. <b>Using a consultant, the current Academy curriculum will be revised to insure that the program integrates into the long-term need for knowledgeable leaders. Staff will provide closed production data and ages to the Leadership Academy Governors to target YPN. Final Rating 4.1</b></p>

<p><b>D1 – Leadership Not in Unison with Fast-Paced World</b></p>	<p>Who is leading an association is a major factor. Volunteer and staff leadership needs to be energetic and progressive. Leaders who are out of touch with either the profession or significant societal trends only serve to restrict the impact and success of the members and association.</p>	<p>The leadership development program noted in section C7 above is related to this. Having a better relationship with potential future leaders would allow the nominating process to present the highest quality candidates to the membership for election. <b>Combine with C7 above. Final Rating 4.3</b></p>
		<p>Should the Board of Directors be choosing the President? <b>CEO will include this in the background paper developed under B6 above. Final Rating 4.3</b></p>
		<p>WRAR is participating in a newly-formed regional MLS that should be productive for the foreseeable future. The Association's leadership and staff are focused on retiring the debt so the nondues income from the building will increase member retention and spur growth. <b>CEO will work with CPA to develop face-to-face meeting with members on actual debt and how it will be retired. Final Rating 3.9</b></p>

## Into the future

By Udo Gollub at Messe Berlin, Germany

I just went to the Singularity University summit. Here are the key points I gathered.

**Rise and Fall:** In 1998, Kodak had 170,000 employees and sold 85% of all photo paper worldwide. Within just a few years, their business model disappeared and they were bankrupt. What happened to Kodak will happen in a lot of industries in the next 10 years – and most people don't see it coming. Did you think in 1998 that 3 years later you would never take pictures on paper film again?

Yet digital cameras were invented in 1975. The first ones only had 10,000 pixels, but followed Moore's law. So as with all exponential technologies, it was a disappointment for a long time, before it became superior and mainstream in only a few short years. This will now happen with Artificial Intelligence, health, self-driving and electric cars, education, 3D printing, agriculture and jobs.

**Welcome to the 4th Industrial Revolution.** Welcome to the Exponential Age. Software and operating platforms will disrupt most traditional industries in the next 5-10 years. Uber is just a software tool. They don't own any cars, but they are now the biggest taxi company in the world. Airbnb is the biggest hotel company in the world, although they don't own any properties.

**Artificial Intelligence:** Computers become exponentially better in understanding the world. This year, a computer beat the best Go player in the world, 10 years earlier than expected. In the US, young lawyers already don't get jobs. Because of IBM Watson, you can get legal advice, (so far for more or less basic stuff), within seconds. With 90% accuracy, compared with 70% accuracy when done by humans. So if you are studying law, stop immediately. There will be 90% fewer generalist lawyers in the future; only specialists will be needed.

'Watson' already helps nurses diagnose cancer, four times more accurately than doctors. Facebook now has pattern recognition software that can recognize faces better than humans. By 2030, computers will have become 'more intelligent' than humans.

**Cars:** In 2018 the first self-driving cars will be offered to the public. Around 2020, the complete industry will start to be disrupted. You don't want to own a car anymore. You will call a car on your phone; it will show up at your location and drive you to your destination. You will not need to park it, you only pay for the driven distance and you can be productive whilst driving. Our kids will never get a driver's licence and will never own a car. It will change the cities, because we will need 90-95% fewer cars for our future needs. We can transform former parking spaces into parks. At present, 1.2 million people die each year in car accidents worldwide. We now have one accident every 100,000 kms. With autonomous driving, that will drop to one accident in 10 million km. That will save a million lives each year.

Electric cars will become mainstream around and after 2020. Cities will be cleaner and much less noisy because all cars will run on electricity, which will become much cheaper.

Most traditional car companies may become bankrupt by tacking the evolutionary approach and just building better cars; while tech companies (Tesla, Apple, Google) will take the revolutionary approach and build a computer on wheels. I spoke to a lot of engineers from Volkswagen and Audi. They are terrified of Tesla.

**Insurance companies** will have massive trouble, because without accidents, the insurance will become 100 times cheaper. Their car insurance business model will disappear.

**Real estate values** based on proximities to work-places, schools, etc. will change, because if you can work effectively from anywhere or be productive while you commute, people will move out of cities to live in a more rural surroundings.

**Solar energy production** has been on an exponential curve for 30 years, but only now is having a big impact. Last year, more solar energy was installed worldwide than fossil. The price for solar will drop so much that almost all coal mining companies will be out of business by 2025.

**Water for all:** With cheap electricity comes cheap and abundant water. Desalination now only needs 2kWh per cubic meter. We don't have scarce water in most places; we only have scarce drinking water. Imagine what will be possible if everyone can have as much clean water as they want, for virtually no cost.

**Health:** The Tricorder X price will be announced this year - a medical device (called the "Tricorder" from Star Trek) that works with your phone, which takes your retina scan, your blood sample and your breath. It then analyses 54 biomarkers that will identify nearly any diseases. It will be cheap, so in a few years, everyone on this planet will have access to world class, low cost, medicine.

**3D printing:** The price of the cheapest 3D printer came down from 18,000\$ to 400\$ within 10 years. In the same time, it became 100 times faster. All major shoe companies started printing 3D shoes. Spare airplane parts are already 3D-printed in remote airports. The space station now has a printer that eliminates the need for the large amount of spare parts they used to need in the past. At the end of this year, new smart phones will have 3D scanning possibilities. You can then 3D scan your feet and print your perfect shoe at home. In China, they have already 3D-printed a complete 6-storey office building. By 2027, 10% of everything that's being produced will be 3D-printed.

**Business opportunities:** If you think of a niche you want to enter, ask yourself: “in the future, do you think we will have that?” And if the answer is yes, then work on how you can make that happen sooner. If it doesn’t work via your phone, forget the idea. And any idea that was designed for success in the 20th century is probably doomed to fail in the 21st century.

**Work:** 70-80% of jobs will disappear in the next 20 years. There will be a lot of new jobs, but it is not clear that there will be enough new jobs in such a short time.

**Agriculture:** There will be a \$100 agricultural robot in the future. Farmers in 3rd world countries can then become managers of their fields instead of working in them all day. Aeroponics will need much less water. The first veal produced in a petri dish is now available. It will be cheaper than cow- produced veal in 2018. Right now, 30% of all agricultural surfaces are used for rearing cattle. Imagine if we don’t need that space anymore. There are several start-ups which will bring insect protein to the market shortly. It contains more protein than meat. It will be labelled as “alternative protein source” (because most people still reject the idea of eating insects).

**Apps:** There is already an app called “moodies” which can tell the mood you are in. By 2020 there will be apps that can tell by your facial expressions if you are lying. Imagine a political debate where we know whether the participants are telling the truth and when not!

**Currencies:** Many currencies will be abandoned. Bitcoin will become mainstream this year and might even become the future default reserve currency.

**Longevity:** Right now, the average life span increases by 3 months per year. Four years ago, the life span was 79 years, now it is 80 years. The increase itself is increasing and by 2036, there will be more than a one-year increase per year. So we all might live for a long, long time, probably way beyond 100.

**Education:** The cheapest smartphones already sell at 10\$ in Africa and Asia. By 2020, 70% of all humans will own a smartphone. That means everyone will have much the same access to world class education. Every child can use Khan Academy for everything he needs to learn at schools in First World countries. Further afield, the software has been launched in Indonesia and will be released in Arabic, Swahili and Chinese this summer. The English app will be offered free, so that children in Africa can become fluent in English within half a year.