

## 2008 DUES INCREASE

The other day a member asked me **whether a recent increase in Salt Lake Board dues was tied to the construction of our new office** in Sandy. I wanted to take this opportunity to dispel that myth as well as to explain the real factors considered by the Board of Directors in making the decision to raise dues.

Let's debunk the myth first. **THE NEW BUILDING IS NOT THE CAUSE OF THE INCREASES.** Here are the facts. The cost of the core and shell of the building are being financed by a 20 year, fully amortized, 6.25% mortgage loan. The majority of the mortgage cost will be offset by rental income from the tenants who lease space in the building. We now have commitments and/or letters of intent on all of our unused space. The cost of the interior improvements and furnishings are being paid for out of a portion of the proceeds from the sale of the old building located on 3300 south. The annual operating and maintenance expenses, net of those paid for by tenants are approximately the same as the old building, hence no impact on the operating budget.

What is even more impressive, our portion of ownership in the building recently appraised for nearly \$2 million more than our actual cost! What that means is that in addition to providing the best REALTOR® meeting and educational facility in the country, our building will continue to act as a solid Real Estate investment and reserve against any rainy days ahead.

**If it's not the building, what are the reasons for a dues increase? There are two factors.**

Just five years ago, there were 4,500 members of the association being served by a staff of 15. Our membership has increased at an alarming rate, to the current level of 9,500! In order to keep up with the related demand for member services, it has been necessary to increase the size of our staff. During the same period, cost of hiring and keeping staff has also risen almost 88%. New member fees and growth have funded these increases in overhead during the past five years and have kept annual dues very low. However, with the market stabilizing and new growth leveling off and quite possible decreasing, dues must finally be adjusted in order to adequately cover the cost of providing services to each of our members. Incidentally, we have looked at the dues for Boards of similar size around the country and were surprised to find that our latest increase puts us right at the average.

There is a second cost built into our recent dues increase. We live in a time when the forces in our environment and economy are threatening the very fundamentals of private property rights and our ability as REALTORS® to conduct our businesses profitably. Senior members of the Board staff together with many volunteers spend a considerable amount of time and resources dealing with these issues. REALTORS® must be a force for good in the community and a strong advocate for sound public policy. The Directors of the Salt Lake Board have decided that the cost of these vital services should be spread throughout the membership, instead of being born by a dedicated few. Therefore, the

board will begin to budget an annual expenditure from its general budget to go toward REALTOR® advocacy and image awareness. This is not partisan politics, but a necessary cost to defend the very fundamentals upon which our businesses are based.

It is always difficult to increase the cost of membership. But the duty of the Board of Directors is to ensure that REALTORS® play a central role in the future of real estate and home ownership. We feel that this small increase of just \$8 per member per month will make a huge difference in positioning our organization for the future. REALTORS® are at a crossroads. Will we adapt and survive in the new age, or will we become insignificant? I believe the answer lies in how much we invest in our profession and in how we serve and protect the interests of our customer and community. One thing for certain is that we cannot succeed quietly or timidly. We must continually stretch individually and as an organization to be the best. Thanks for all you do to make this organization what it is.

--- Gary Cannon, SLBR President