



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAR 9 1993

The Eastern European Real Property
Foundation
777 14th Street, NW
Suite 717
Washington, D.C. 20005
Attn: Mr. Alfred P. Van Huyck
Executive Vice President

Subject: Cooperative Agreement Number CCN-0008-A-00-3056-00

Dear Mr. Van Huyck:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby provides to The Eastern European Real Property Foundation (hereinafter referred to as "EERPF" or "Recipient") the sum of Sixty Five Thousand Six Hundred Forty Eight Dollars (\$65,648) in support of the Recipient's program to assist in the creation and development of private sector, market oriented, real estate institutions and organizations in the New Independent States, particularly Russia and Ukraine, as more fully described in Enclosure 2 of this Agreement entitled "Program Description."

This Cooperative Agreement (hereinafter referred to as "Agreement") is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives for the period of this Agreement, as established in Section B.1. of the Schedule (see Attachment 1). Funds disbursed by A.I.D. but uncommitted by the Recipient at the expiration of this period shall be refunded to A.I.D.

The total estimated amount of this program, as described in Attachment 2, is \$1,654,400. Subject to the availability of funds, A.I.D. intends to provide \$1,500,000 (hereinafter referred to as "Total Agreement Amount") and the remainder shall be funded through in-kind and cash contributions from other non-Federal sources. Please note that A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the Total Obligated Amount.

This Agreement is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in Enclosure 1 entitled "Schedule," Enclosure 2 entitled "Program Description," and Enclosure 3 entitled "Standard Provisions," which have been agreed to by your organization.

Please acknowledge receipt of this Agreement by signing all copies of this Cover Letter, retaining one set for your files, and returning the remaining copies to the undersigned.

Sincerely,



J. J. Kryschtal
 Agreement Officer
 Office of Contracts and
 Commodities
 Newly Independent States
 Office of Procurement

Enclosures:

1. Schedule
2. Program Description
3. Standard Provisions
4. Restrictions on Lobbying

ACKNOWLEDGED BY: The Eastern European Real Property Foundation

TYPED NAME: ALFRED P. VAN HUYCK
TITLE: EXECUTIVE VICE PRESIDENT
DATE: MARCH 9, 1992

FISCAL DATA:

PIO/T NO.: 110-0008-3-366-2350
 APPROPRIATION NO.: 72-112/31037
 ALLOTMENT NO.: 270-68-100-00-69-31
 BUDGET PLAN CODE: WES2-93-36110-KG-12
 THIS OBLIGATION: \$65,648

TOTAL OBLIGATIONS: \$65,648
 TOTAL ESTIMATED A.I.D. CONTRIBUTION: \$1,500,000

TECHNICAL OFFICE: PRE/H, S. Walsh
 TECHNICAL ADDRESS: Room 401, SA-2
 Washington, D.C. 20523

CEC NO.: 79 553 114E
 LOC NO.: TBD
 DOC #: 0624s

ENCLOSURE 1

SCHEDULEA. Purpose of Agreement

The purpose of this Agreement is to assist the Recipient to accomplish the objectives of their program to assist in the creation and development of private sector, market oriented, real estate institutions and organizations in the New Independent States, particularly in Russia and Ukraine which is hereby incorporated as Enclosure 2. In the event of an inconsistency between the Recipient's proposal, the Program Description, and this Schedule; the Schedule and then the Program Description shall take precedence.

B. Period of Agreement

1. The period of this Agreement is the effective date, found at the top of the Cover Letter. The estimated date of completion is September 30, 1995.

2. Funds obligated hereunder are expected to be sufficient through June 30, 1993.

C. Amount of Agreement and Payment

1. The total estimated amount of this Agreement is \$1,654,440, of which A.I.D. expects to provide \$1,500,000 and the Recipient intends to provide \$154,440 of "in kind" services in the form of skilled volunteer labor.

2. AID hereby obligates the amount of \$ 65,648 for the purposes of this Agreement for the period cited in paragraph B.1 above and shown in the budget below.

3. Payment shall be made to the Recipient in accordance with procedures set forth in Enclosure 3 - Standard Provision, entitled "Payment - Letter Of Credit."

4. Additional funds up to the total amount of \$1,500,000 may be obligated by A.I.D. subject to the availability of funds, program priorities at the time, and the requirements of the Mandatory Standard Provision of this Grant entitled "Revision of Grant Budget."

D. Budget

The following is the financial plan for this Cooperative Agreement. Except as specified in the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget", as set forth in Attachment 3, the Recipient may transfer no more than 15% of each line amount within the AID Contribution amongst other line items, except for indirect costs under which funds may not be transferred to other line items, for the attainment of program objectives. Any adjustments to the budget for the AID Contribution above 15% require the prior written approval of the Agreement Officer.

Revisions to the budget shall be in accordance with Section C. above and the Standard Provisions entitled "Revision of Grant Budget" and "Cost Sharing (Matching)."

<u>Cost Element</u>	<u>Total Amount</u>
Salaries	\$ 323,400
Consultants	300,600
Travel, Trans. & Per Diem	445,500
ODCs	118,800
Sub-Awards	<u>155,000</u>
Subtotal	\$1,343,300
Indirect Costs	<u>156,700</u>
A.I.D. Contribution	\$1,500,000
Recipient In Kind Contribution	<u>154,440</u>
Total Program Costs	\$1,654,440

(The rest of this page was intentionally left blank.)

E. Reporting**1. Financial Reporting**

(a) Financial reporting requirements shall be in accordance with the Standard Provision of this Cooperative Agreement entitled, "Payment - Letter of Credit," as set forth in Enclosure 3.

(b) All financial reports shall be submitted to A.I.D., Office of Financial Management, FA/FM/CMP/DC, Room 700 SA-2, Washington, D.C. 20523-0209. In addition, three copies of all financial reports shall be submitted to the A.I.D. Project Office specified in the Schedule of this Cooperative Agreement.

(c) The frequency of financial reporting and the due dates of reports shall be as specified in the Standard Provision of this Cooperative Agreement referred to in Section E.1.(a) above.

(d) The Recipient's financial reports shall include expenditures of A.I.D. Cooperative Agreement funds provided hereunder, as well as non-federal matching funds and any other contributions.

2. Program Performance Reporting

The Recipient shall submit the following:

(a) Detailed Implementation Plan (DIP)

The Recipient shall submit for A.I.D. Project Officer's review/approval, within thirty (30) days of signing the Cooperative Agreement, a Detailed Implementation Plan (DIP), which will include the following:

1. A brief description of the major activities, indicating the expected outcomes, responsible person, planned starting and completion dates and duration of the activity (actual time required to complete the task, which may be less than the planned time between starting and completion dates).

2. A timeline showing the sequential and concurrent activities, indicating which activities depend on the successful completion of prior activities, and highlighting those activities which are critical, i.e. if delayed, the overall project results will be delayed. A.I.D. preference is for the earliest possible start dates for activities and realization of concrete results.

3. Plans for periodic consultation and review of implementation plans and progress with the AID/NIS/TF Project Officer, with A.I.D. representatives in the field and with USAID Mission staff in each country of the program. Reviews with the Project Officer should be held at least every three months.

4. Approval, in writing, from the AID/PRE/H Project Officer will be required for the DIP and any significant changes thereto. Evidence of consultation with A.I.D. representatives and Embassy Staff will be required, but only the Agreement Officer and Project Officer have authority to approve amendments to the DIP. Reporting format is specified in Section E.2.(d) "Interim Reports," below.

5. On January 7, 1993 the Recipient prepared and forwarded for the Project Officer's review a copy of their Detailed Implementation Plan. Approval of this plan was not known at the time that this award was executed. The Recipient should consult with the Project Officer listed in the Schedule of this Agreement to determine whether or not revisions to the proposed DIP are needed.

(b) Quarterly and Annual Report

Ten copies of the Quarterly Report plus one copy for the A.I.D. Mission in each target country in the program will be submitted to the AID/PRE/H Project Officer coinciding with the financial reporting periods described above. Quarterly reports will include: a description of the Cooperative Agreement activities; significance of these activities; and a fiscal report that describes in detail how the Cooperative Agreement funds were used and other donor's financial contribution to the project. The fourth quarterly report will be the annual report.

(c) Final Report

Prior to the estimated completion date of this Cooperative Agreement the Recipient shall submit the Final Report in the same number of copies as the above annual report. The Final Report shall include: (1) an executive summary of the Cooperative Agreement's accomplishments or failings; (2) a description of the Cooperative Agreement activities from its inception; (3) significance of these activities; (4) comments and recommendations; (5) a fiscal report that describes in detail how the Cooperative Agreement funds were used. All work to be charged to this Cooperative Agreement, including the preparation of the Final Report, must be completed prior to the estimated completion date of this Agreement.

(d) Interim Reports

1. Prior to the required final performance reporting date, events may occur that have significant impact upon the project. In such instances, the Recipient shall inform the Agreement and Project Officers as soon as the following type of conditions become known:

a. Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work activities by the established time period. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

b. Favorable developments or events that enable time schedules to be met sooner than anticipated or more work activities to be performed than originally projected.

(e) Evaluations

1. The project will be closely monitored on a continuing basis by the Project Office shown in the Schedule of this Cooperative Agreement.
2. The Cognizant Project Office will conduct a mid term and final evaluation of the program under this Agreement.

F. Indirect Cost Rates

Pursuant to the Optional Standard Provision of this Agreement entitled "Negotiated Indirect Cost Rates - Provisional", a rate or rates shall be established for each of the Recipient's accounting periods which apply to this Agreement. Payments of indirect costs shall be based on a provisional rate for the period listed below. For the period thereafter the Recipient shall be reimbursed indirect costs based on a provisional rate as listed below:

<u>TYPE OF RATE</u>	<u>RATE</u>	<u>BASE</u>	<u>PERIOD</u>
Provisional	80%	*	Effective Date of Agreement - 9/30/1993
Provisional	68%	*	10/1/1993 - Until Amended

* Total Salaries of Recipient Personnel.

G. Substantial Involvement Understandings

A.I.D. will have substantial involvement in the planning and implementation of the program funded through this Cooperative Agreement.

1. Travel: The Standard Provision "Travel and Transportation," requiring advance notification to the Project Officer of Recipient's travel intentions overseas, is required. No travel shall be undertaken before AID/PRE/H and Mission concurrence is obtained.
2. Annual Workplan: The A.I.D. Project Officer will be consulted and have the right of approval of the annual workplan which involves the use of A.I.D. funds.
3. Workplan Revisions: The A.I.D. Project Officer will be consulted and have the right of approval for revisions of the annual workplan which involves the use of A.I.D. funds.
4. Participation: The A.I.D. Project Officer shall be invited to participate in any advisory committees or groups with which the Recipient will collaborate regarding the program supported by this Cooperative Agreement. PRE/H, NIS Task Force and USAID/Mission personnel reserve the right to visit the Recipient's program sites, both in the United States and overseas, to review the progress toward the project goal and purpose, as stated in the Recipient's proposal.
5. Changes: The A.I.D. Project Officer shall be notified, in writing, of any changes to the Program Description of this Cooperative Agreement. Any changes of an administrative nature shall be directed to the Agreement Officer.

6. The selection of the Executive Director, Field Manager and Executive Assistant are subject to the concurrence of the A.I.D. Project Officer.

H. MANDATORY AND OPTIONAL PROVISIONS

1. The Standard Provisions set forth as Attachment 3 of this Cooperative Agreement consist of the following Standard Provisions denoted by an "X" which are attached hereto and made a part of this Cooperative Agreement:

a. Mandatory Standard Provisions For U.S., Nongovernmental Grantees (Recipients)

- (X) Allowable Costs (November 1985)
- (X) Accounting, Audit, and Records (August 1992)
- (X) Refunds (September 1990)
- (X) Revision of Grant Budget (November 1985)
- (X) Termination and Suspension (August 1992)
- (X) Disputes (August 1992)
- (X) Ineligible Countries (May 1986)
- (X) Debarment, Suspension, and Other Responsibility Matters (August 1992)
- (X) Nondiscrimination (May 1986)
- (X) U.S. Officials Not to Benefit (November 1985)
- (X) Nonliability (November 1985)
- (X) Amendment (November 1985)
- (X) Notices (November 1985)
- (X) Metric System of Measurement (August 1992)

b. Additional Standard Provisions For U.S., Nongovernmental Grantees (Recipients)

- (X) OMB Approval Under the Paperwork Reduction Act (August 1992)
- (X) Payment - Letter of Credit (August 1992)
- () Payment - Periodic Advance (January 1988)
- () Payment - Cost Reimbursement (August 1992)
- (X) Air Travel and Transportation (August 1992)
- (X) Ocean Shipment of Goods (August 1992)
- (X) Procurement of Goods and Services (November 1985)
- (X) AID Eligibility Rules for Goods and Services (August 1992)
- (X) Subagreements (August 1992)
- (X) Local Cost Financing (August 1992)
- (X) Patent Rights (August 1992)
- (X) Publications (August 1992)
- () Negotiated Indirect Cost Rates - Predetermined (August 1992)
- (X) Negotiated Indirect Cost Rates - Provisional (August 1992)

- (X) Regulations Governing Employees (August 1992)
- (X) Participant Training (August 1992)
- () Voluntary Population Planning (August 1986)
- () Protection of the Individual as a Research Subject (August 1992)
- () Care of Laboratory Animals (November 1985)
- () Title To and Use of Property (Grantee Title) (November 1985)
- (X) Title To and Care of Property (U.S. Government Title) (November 1985)
- () Title To and Care of Property (Cooperating Country Title) (November 1985)
- (X) Cost Sharing (Matching) (August 1992)
- (1) Use of Pouch Facilities (August 1992)
- (X) Conversion of United States Dollars to Local Currency (November 1985)
- (X) Public Notices (August 1992)
- (X) Provision on Rights in Data (August 1992)

2. Specific language with regard to compliance to Section 599 of the Foreign Assistance Act, which regards the export of U.S. jobs, will be added under an amendment to this section.

I. CLOSEOUT PROCEDURES (OMB CIRCULAR A-110)

1. This paragraph prescribes uniform closeout procedures which are in accordance with the Office of Management and Budget (OMB) Circular A-110 for A.I.D. grants and cooperative agreements.

2. The following definitions shall apply for the purpose of this paragraph:

(a) Closeout. The closeout of an agreement is the process by which A.I.D. determines that all applicable administrative actions and all required work of the agreement have been completed by the recipient and A.I.D.

(b) Date of completion. The date of completion is the date on which all work under agreements is completed or the date on the award document, or any supplement or amendment thereto, on which A.I.D. sponsorship ends.

1. The address in paragraph (a) (4) of this Provision should be changed to add "-0001" after "20523" (zip code).

(c) Disallowed costs. Disallowed costs are those charges to an agreement that A.I.D. or its representative determines to be unallowable, in accordance with the applicable Federal cost principles or other conditions contained in the agreement.

3. A.I.D. closeout procedures include the following requirements:

(a) Upon request, A.I.D. shall make prompt payments to the Recipient for allowable reimbursable costs under the Cooperative Agreement being closed out.

(b) The Recipient shall immediately refund any balance of unobligated (unencumbered) cash that A.I.D. has advanced or paid and that is not authorized to be retained by the Recipient for use in other grants or cooperative agreements.

(c) A.I.D. shall obtain from the Recipient within ninety (90) calendar days after the date of completion of the Cooperative Agreement all financial, performance, and other reports required as the condition of the Cooperative Agreement. A.I.D. may authorize extensions to the Cooperative Agreement when requested by the Recipient.

(d) When authorized by the Cooperative Agreement, A.I.D. shall make a settlement for any upward or downward adjustments to A.I.D.'s share of costs after these reports are received.

(e) The Recipient shall account for any property acquired with A.I.D. funds, or received from the Government in accordance with any provisions of this Cooperative Agreement.

(f) In the event a final audit has not been performed prior to the closeout of the Cooperative Agreement, A.I.D. shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the final audit.

(The rest of this page was intentionally left blank.)

J. PROCUREMENT AND (SUB) CONTRACTING**1. Authorized Geographic Code**

Since the total procurement of goods and services is estimated to be \$250,000 or more the following shall apply:

All services shall have their nationality in the United States (A.I.D. Geographic Code 000) or the cooperating country, except as A.I.D. may otherwise agree in writing. The authorized source and origin for all goods/commodities shall be in accordance with the Optional Standard Provision entitled, "A.I.D. Eligibility Rules for Goods and Services (August 1992)". Requests for deviations to this requirement must include a full justification to be submitted to the Project Office indicated on the Fiscal Data page of this Cooperative Agreement. Approval of the Agreement Officer and the Project Office is required before procurement of this nature can be undertaken. Ocean shipping financed by A.I.D. under the program shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

2. Procurement Cost Detail

The Recipient will be responsible for purchasing the U.S. equipment and commodities required for the technical assistance components of the program. This equipment must be specifically and directly linked to the programs undertaken under the this Agreement.

3. Local Cost Financing

Local cost financing is hereby authorized under this Cooperative Agreement, provided such financing falls within the legitimate needs of the Program Description of Attachment 2, and does not exceed the following limitations:

(a) Procurement locally of items of U.S. origin, which are otherwise eligible for financing, if the value per transaction is estimated not to exceed \$100,000 exclusive of transportation costs.

(b) Commodities of geographic code 935 origin if the value of the transaction does not exceed the local currency equivalent of \$5,000.

(c) Commodities and services available only in the local economy (no specific per transaction value applies to this category). This category includes the following items:

(i) utilities - including fuel for heating and cooking, waste disposal and trash collection;

(ii) communications - telephone, telex, facsimile, postal, and courier services;

(iii) rental costs for housing and office space;

(iv) petroleum, oils, and lubricants for operating vehicles and equipment;

(v) newspapers, periodicals, and books published in the cooperating countries, and

(vi) other commodities and services (and related expenses) that, by their nature or as a practical matter, can only be acquired, performed, or incurred in the cooperating countries.

In cases where local cost procurements are expected to exceed the above limitations, and authorization for such procurement does not already exist in this Cooperative Agreement, the Recipient must obtain approval from the A.I.D. Agreement Officer prior to proceeding with the procurement.

Except as otherwise changed by the above limitations, the conditions of the Optional Standard Provision entitled "Local Cost Financing (August 1992)", hereby incorporated into this Cooperative Agreement, apply, including paragraphs (b), (c), (d), (e), and (f).

4. Travel

The standard provision entitled "Air Travel and Transportation" requires advance notification of the A.I.D. Project Officer of the Recipient's travel intentions overseas. The Recipient is also required to provide advance notification to the appropriate Embassies of intention to travel in the NIS.

All air travel and transportation under this Cooperative Agreement are required to be made on U.S. Flag carriers to the extent service by such carriers is available.

K. SPECIAL PROVISIONS

1. Cost Principles

The cost principles applicable to this Cooperative Agreement are set forth in Office of Management and Budget (OMB) Circular A-122.

2. (Sub)contracting with Nonprofit Organizations

For the purposes of this Cooperative Agreement, references to "OMB Circular A-122" in the Standard Provisions of this Cooperative Agreement shall include the A.I.D. implementation of this Circular, as set forth in Subpart 731.7 of the A.I.D. Acquisition Regulations (AIDAR, HB 14) (48 CFR Chapter 7).

3. Consultant Fees

Compensation for consultants retained by the Recipient hereunder shall not exceed, without specific approval of the rate by the Agreement Officer: either the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years; or the maximum rate of a Foreign Service Officer, Class 1 (FS-1) (as periodically amended), whichever is less. A daily rate is derived by dividing the annual compensation by 2,087 and multiplying the result by 8.

4. Equipment and Other Capital Expenditures

(a) Requirement for Prior Approval

Pursuant to the Standard Provisions of this Cooperative Agreement entitled "Allowable Costs" and "Revision of Grant Budget," the Recipient must obtain A.I.D. Agreement Officer approval for the following: Purchase of "General Purpose Equipment," which is defined as an article of nonexpendable tangible personal property, the use of which is not limited only to research, medical, scientific, or other activities (e.g., office equipment and furnishings, air conditioning equipment, reproduction and other equipment, motor vehicles, and automatic data processing equipment; items having a useful life of more than two years and an acquisition cost of \$500 or more per unit.)

The approval request shall contain a statement that says substantially the following:

"The equipment (or other commodity) requested is within the Agreement budget. The obligated amount and the total estimated cost of this Agreement remain unchanged."

(b) Approvals

In furtherance of the foregoing, the Agreement Officer does hereby provide approval for the following purchases, which shall not be construed as authorization to exceed the Total Estimated Amount or the Total Obligated Amount of this Cooperative Agreement, whichever is less (see Section C.2. above):

None

(c) Exception for Automation Equipment

Any approval for the purchase of automation equipment which may subsequently be provided by the Agreement Officer is not valid if the total cost of purchases of automation equipment (e.g. computers, word processors, etc.), software, or related services made hereunder will exceed \$100,000. The Recipient must, under such circumstances, obtain the approval of the Agreement Officer for the total planned system of any automation equipment, software, or related services.

(d) Used Equipment

Used equipment may only be purchased with the prior written approval of the Agreement Officer.

5. Defense Base Act (DBA) and/or Medical Evacuation Insurance

Pursuant to Section J.16 of OMB Circular A-21 (for educational institutions) or Section 18 of Attachment B of OMB Circular A-122 (for nonprofit organizations other than educational institutions), the Recipient is authorized to purchase DBA and/or medical evacuation insurance under this Cooperative Agreement. If DBA insurance is purchased, it shall be purchased from the insurance company or agent with which A.I.D. has a contract to provide DBA insurance for A.I.D. contracts. The Agreement Officer will provide the name, address, and telephone number of such insurance company or agent upon request.

6. Title To Property

Title to property purchased by the Recipient under this Cooperative Agreement shall be vested in the U.S. Government. The Standard Provision of this Cooperative Agreement entitled "Title to and Care of Property (U.S. Government)" applies. Disposition of property shall be in accordance with said Standard Provision.

L. ORDER OF PRECEDENCE

In the event of any inconsistencies in this Cooperative Agreement, they shall be resolved by applying the following descending order of precedence:

- Attachment 1 - Schedule
- Cover Letter
- Attachment 3 - Standard Provisions
- Attachment 4 - Special Provision - Lobbying
- Attachment 2 - Program Description
- Recipient's Proposal

M. PROJECT OFFICE

The Recipient's A.I.D. Project Officer is Mr. Sean Walsh, PRE/H, Room 401, SA-2, Washington, D.C. 20523 or his designee. Reports and other correspondences regarding this Agreement shall be submitted to the above.

N. AGREEMENT OFFICE

The A.I.D. Agreement Office currently responsible for administering this Agreement is FA/OP/CC/N, SA-14, Room 1407, Washington, D.C. 20523-1415. Any reports and correspondences that need to be addressed to the Agreement Officer should be forwarded to the above address.

PROGRAM DESCRIPTION

The program description for this Agreement consists of the following language as well as the Recipient's proposal dated April 9, 1992 and amended on August 3, 1992. A full copy is attached hereto.

Purpose

The purpose of this Agreement is to assist the Recipient in carrying out their program of assistance to create and develop private sector, market oriented real estate institutions in the New Independent States of the Former Soviet Union.

Objectives

This Agreement has the following objectives:

- A. The translation and adaptation of United States real estate knowledge, techniques and practice to local needs and conditions.;
- B. The establishment of enforceable ethical conduct and professional performance standards in the real estate industry which will protect the public and establish the competence of the real estate practitioner.;
- C. The establishment of information and research networks which can assure that information concerning the marketplace, changes in the law or regulations applicable to real estate practice, opportunities in all phases of real estate, and available financing alternatives are generally and immediately accessible to all interested parties.;
- D. The development of the capacity to identify, analyze and erect to legislative and regulatory proposals and laws (as well as judicial decisions) impacting on housing, land ownership, development and financing.;
- E. The development of strong and long term linkages between the real estate industry and profession of the United States and those in the New Independent States.

**THE EASTERN EUROPE REAL PROPERTY FOUNDATION
PROGRAM PROPOSAL**

NATIONAL ASSOCIATION OF REALTORS®
777 14th Street N.W.
Washington, DC 20005
202-383-1033

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EASTERN EUROPE REAL PROPERTY FOUNDATION

A. Executive Summary

1. Eastern Europe and the republics of the former Soviet Union need a system to develop, educate and organize real estate professionals - managers, brokers, developers, appraisers and counsellors - if effective real estate and housing markets within a framework of public/private partnerships are to develop.
2. NAR has established an Eastern Europe Real Property Foundation to assist in the transition from centrally-planned to market driven economies in these countries and in particular to assist in the creation of real property markets. The Foundation will focus on institutional development, particularly the development of real estate associations and of systems for real estate education.
3. The Foundation will call on NAR's unmatched capability to create and organize strong and meaningful real estate systems, associations and professions in these countries. The goal will be replication and adaptation of the key elements existing in the U.S. real estate system to local needs and condition. The central objective is to create a highly organized, ethical, educated and politically active real estate profession committed to the protection of the public, promotion of home ownership, the establishment and preservation of private property and efficient and equitable real estate markets.

The program involves development of real estate associations so they can serve the following objectives:

- o First, the translation and adaptation of United States real estate knowledge, techniques and practice to local needs and conditions.
- o Second, the establishment of ethical conduct and professional performance which can be enforced, which will protect the public and establish the competence of the real estate practitioner.

- o Third, the establishment of information and research networks which can assure that information concerning the marketplace, changes in the law or regulations applicable to real estate practice, opportunities in all phases of real estate, and available financing alternatives is generally and immediately known.
- o Fourth, the development of the capacity to identify, analyze and react to legislative and regulatory proposals and laws (as well as judicial decisions) impacting housing, land ownership, development and financing.
- o Fifth, the development of strong and long term linkages between the real estate industry and profession of the United States and those of Eastern European nations.

4. The Foundation, backed by NAR expertise developed over eighty years, will also have access to the specialized membership and educational capability of institutes of NAR - brokerage, property management, commercial, industrial and agricultural property, appraisal and counselling. It will also have access to a vast pool of membership expertise which will be provided, whenever possible, through a Volunteer Corps to be organized by the Foundation. It will have access to unmatched real estate technological knowledge and sophistication.
5. The Foundation will operate, where feasible, with local real estate organizations and educational bodies. Where these do not exist, the Foundation will develop a plan to create them over a three to five year period.
6. The Foundation will mount detailed real estate profession and association assessments as soon as funded. Subsequently, it will carry out programs of institutional development and training in key real estate functional areas. A three year effort, if it is to be at a scale to have a visible impact, requires funding of at least \$4,500,000 for the first three years of operation. An initial commitment for the balance of 1992 and 1993 is required with third year funding subject to review of performance. None of the Foundation's efforts will duplicate work contracted to other groups or planned by AID, the World Bank or other entities. Foundation work will be carefully designed to take account of and complement these efforts. No comprehensive real estate program of the type here described is contemplated by any other organization. NAR is uniquely qualified and is the single most capable source of this expertise.
7. NAR has been heavily involved with international real estate markets since the 1950's. It has been deeply involved with property rights, housing and shelter internationally since 1976. It has been engaged in property rights, real estate and shelter matters in Eastern Europe for three years. In the last several years, NAR has spent in cash, in applied staff and leadership time, in donated expert services of its members, in range of \$1,000,000 in the U.S. public interest on international housing and property matters. It expects to contribute services of similar value to the program of the Foundation.

8. The program contemplates creation of real estate associations which will have the capability to educate, inform, enforce a Code of Ethics, conduct market research and gather information and analyze and react to legislative and regulatory proposals. The program also contemplates creating professional and university linkages between the U.S. and these countries, the development of a specialized pool of problem-solving real estate consultants and a two-way interchange of interns between member firms of NAR and between universities.'
9. There is no intention of creating a "permanent" Foundation presence in countries of Eastern Europe and the former Soviet Union. It seeks to establish capable, indigenous associations and then move on. In this process, it should and will deliberately seek to create a beachhead for American real estate businesses and U.S. practitioners wishing to do business in Eastern Europe and the former Soviet Union. It will do so by providing market information, research and knowledge of joint venture opportunities. European real estate associations backed by funding of their governments are aggressively moving into these markets now in order to create business for their members. The U.S. must do no less in its national economic interest.

B. BACKGROUND

The collapse of the Communist Regimes in Eastern Europe and Western Asia and the reformation of the U.S.S.R. into a Confederation presents both an opportunity and a risk which is unprecedented in this century. The opportunity is to assure a lasting end to the Cold-War and the costly and debilitating confrontation between Eastern Authoritarianism and Western Democracy. The risk is that, unless the "expectations of a better and freer life" which prompted the collapse and reformation are realized in significant measure, one-third of the World will be plunged into protracted anarchy and revolution with the reestablishment of authoritarian rule as a probable consequence.

Notwithstanding the serious pressure and problems confronting the domestic economy of the United States, it is clearly not in the best interest of the United States to accept the "risk", if not the absolute certainty, of Eastern European disillusionment with Western democratic and economic institutions by failing to accept the "opportunity" to assist in adapting those institutions and making them "work in Eastern Europe".

Among the Western institutions which undergird democratic government and a free market, none is more fundamental than the right of home ownership and private property. The rights of a citizen to own property and to be secure in tenure is the foundation of an individual's commitment to an orderly and responsible society. Collectivization of the land and the arbitrary abrogation of private property rights have always attended authoritarian regimes. It was in recognition of this fact that the United States Constitution includes broad safeguards of private property rights. (Article III, Section 3 and Amendments III, IV, V and XIV)

Yet, in Eastern Europe, and particularly in the former Soviet republics, homeownership, security of tenure and private ownership of the land, as we know these rights have been eroded over the past half-century to the point of oblivion. One of the greatest challenges the emerging democratic regimes confront in their effort to open their societies, as well as their economies, is "how to fairly, responsibly and rapidly reestablish these rights and vest their people with a meaningful stake in their future".

Part of the response to this challenge will, of course, involve the creation of a system of laws which will define the rights of property owners, their nature, extent and limits. The system must also include means of recording title and restrictions on title. Then too, the response to this challenge will require the creation of structures within the banking and larger financial community which will enable private individuals, businesses and developers to finance real estate projects. Yet another part of the response will involve effecting the transfer of real estate construction, management responsibilities and functions from state monopolies to private enterprises and individuals.

But there is yet another part of the response to the challenge to reestablish the rights of private property and security of tenure, which, while not as obvious as the need for systems of law, recordation and finance is equally imperative for ultimate success. This element of the response involves the creation and organization of a private real estate profession, consisting of real estate managers, brokers, developers, appraisers, counsellors and builders who are committed to operating in a competitive real estate market, committed to the protection of the public, committed to constantly enhanced competence and committed to the creation of an effective public/private partnership with government at all levels to assure the highest and best use of the land.

The National Association of Realtors® has long been concerned with determining how it might most effectively and efficiently contribute to the efforts by the Eastern European nations to reestablish their systems of private property. The National Association is committed by its Constitution to the preservation of private property rights and has vital business interests in effective real estate markets and equitable and efficient housing markets at home and abroad. In its desire to support the efforts of the Eastern European nations, it has conducted extensive research and analysis to determine the most appropriate focus for its participation and contribution. Reports prepared for AID, UN, the World Bank and OECD, key business publications, NAR experience on the ground indicates that the establishment of private property rights and effective housing and real estate markets are among the top priorities of countries seeking to transform their countries.

On the basis of this research and analysis, the National Association of Realtors concluded that it should focus on assisting Eastern European nations in the creation and organization of a strong and meaningful real estate profession. While the National Association is deeply concerned with and has expertise in real estate law and regulation, and is similarly involved with real estate financing and recording systems and structures,

it recognizes that its greatest contribution can be made in attempting to replicate in Eastern Europe what it has achieved in the United States, the development of a highly organized, educated, ethical and politically active real estate profession committed to the protection of the public, the promotion of homeownership and the preservation of private property.

The National Association of Realtors® is aware of the extensive efforts which are being undertaken by agencies of government, directly and through contractors, to assist Eastern European nations in addressing the legal, financial, construction, recordation and other technical problems relating to the reestablishment of a private real estate marketplace. It is not the desire or intention of the National Association to duplicate, but to complement such efforts.

NAR desires to assist in the creation of private associations of real estate professionals which will enable those professionals to deliver the quality, quantity and type of services required by a free and competitive real estate marketplace. In this connection, as a result of on-site discussions and observation, the National Association of Realtors® is convinced that the initiative it proposes to undertake is imperative and immediate. With the collapse of central authority, the traditional mechanisms for transmitting knowledge and information concerning real estate matters and issues are not working. At the same time, organizations which might serve these functions are fragmented, dispersed, underdeveloped and disorganized. This situation must be corrected as rapidly as possible before the existing vacuum invites the reestablishment of governmental control, monopoly and allocation.

C. EASTERN EUROPEAN REAL ESTATE FOUNDATION

1. Purpose

The purpose of the Foundation is to assist nations of Eastern Europe and the republics of the former Soviet Union, including Hungary, Poland, Czechoslovakia, Bulgaria and Rumania, in transitioning from centrally-planned to market driven economies and specifically to guide the creation of real property markets as part of overall macro-economic reform. The Foundation will primarily focus on institutional development of the housing marketplace, and particularly, on the development of associations of real estate professionals and the regularization of real estate practice and ethical conduct.

2. Origin of Foundation.

The Foundation is the result of at least three years of intense study by the National Association of Realtors® of the critical need, opportunity and the general shape of housing and real estate assistance required in the countries of Eastern Europe and the former Soviet Union. The interest of NAR in the countries of Eastern Europe commenced as soon as "detente" made such interest meaningful. NAR early recognized that if there was ever to be a useful business and commercial relationship with these nations, an understanding of their real estate marketplace would be imperative.

Likewise, although the U.S.S.R. provided limited opportunity for the identification and development of a private real estate profession, peripheral nations in the Eastern Bloc, like Poland, Hungary, Czechoslovakia appeared to have some immediate potential.

The Third International Shelter Conference (Exhibit A-Conclusions & Recommendations) held in Washington D.C. in April of 1990, which was organized and sponsored by NAR, provided an unexpected breakthrough and impetus to NAR's efforts to reach Eastern European nations. Responding to NAR's invitation, the U.S.S.R. not only provided a delegation to the Conference but also presented a Case Study of Soviet real estate issues. Through the Russian participation, NAR was able to open lines of communication with various high-level Soviet housing officials which ultimately resulted in a conference in Moscow in September of 1990 and the development of a Protocol committing NAR and the U.S.S.R. to a further conference in 1991 to identify opportunities for cooperation and information exchange on housing development and real estate markets. As part of the same initiative, NAR participated in a Conference on housing and development sponsored by the U.S. Government in Hungary which, likewise, revealed both interest in, and communication channels for, the exchange of information on real property issues, policies, financing and association development.

The intensity of NAR interest in opportunities in countries of Eastern Europe increased as such countries and the evolving Russian Confederation indicated further interest in, and provided further opportunities for, cooperative initiatives. Thus, in February of 1991, NAR participated actively in a real estate symposium sponsored by the U.S. Department of Labor in Warsaw, Poland, making important recommendations in priority areas for reform. In September of 1991 the Russian Deputy Minister for Housing and Construction headed a delegation to a meeting with NAR's Society of Real Estate Counsellors held in Scotland. In October of 1991, NAR's Commercial Investment Institute conducted a seminar on private real estate development in Moscow and a corresponding exchange visit in the United States which included top management of the most important housing and commercial construction conglomerate of the City of Moscow.

And, in November of 1991, pursuant to its 1990 Protocol Agreement, NAR was the prime sponsor of a week-long conference in Moscow in collaboration with the Massachusetts Institute of Technology and the United Nation's Commission on Human Settlements. The World Bank and the U.S. Department of Housing and Urban Development, USAID, participated as observers while the Urban Institute and the Commercial Investment Real Estate Institute of NAR were participating presenters. Critically important recommendations were provided to the Russian Government (Exhibit B).

As a result of these contacts with Eastern European nations as well as its own continuing study and evaluation of their needs relative to NAR's capacities, NAR concluded:

first, that the needs of Eastern Europe for real estate advice, education, techniques and technology are so great that NAR's available resources, though significant, are nevertheless grossly inadequate to the task;

second, that the response to the real estate infrastructure system needs of the nations of Eastern Europe requires a sustained, multi-year commitment in the public interest of the United States which institutionally cannot be provided by NAR under its budget structure at the level required;

third, that the response to the needs of Eastern Europe will require the involvement of related activities, associations and interests not directly affiliated with NAR (i.e. banking, mortgage insurers, bankers, title companies, lawyers, construction trades, etc.) which can be better achieved through a dedicated structure related to NAR but exclusively focused on creating a professional real estate infrastructure in Eastern Europe;

fourth, that the effort to respond to the needs of the Eastern European nations can best be focused and evaluated if administered separately from other international real estate commitments of NAR to the real estate communities of the nations of the Pacific Rim, South America, Africa and the European Community;

fifth, that the response requires the involvement of universities with particular distinction in real estate such as the Center for Real Estate of MIT, the faculty of real estate and urban planning at the University of Wisconsin and that university involvement would be facilitated by a dedicated foundation.

The Eastern Europe Real Property Foundation is the product of these conclusions and is structured to enjoy the continuing commitment of NAR while broadening the opportunities for support, collaboration and participation by other real estate interests and constituencies, public and private.

3. Organization of the Foundation

The Eastern Europe Real Estate Foundation is chartered as a non-profit organization, exempt under Section 501c3 of the Internal Revenue code. The By-Laws of the Foundation set forth its Purposes and basic structure. (Exhibit C)

The Foundation will draw upon the strengths of NAR as a broadly based national and international organization and will utilize NAR membership resources wherever possible on a contributed basis with an expected value in the range of \$1,000,000. Beyond this, however, and more important, is NAR's commitment of its organizational capability and expertise developed over eighty years. This real estate expertise is comprehensive, especially as it relates to the creation of professional associations and their utilization for the purpose of education, ethical oversight, regulatory development, regularization of real estate practice and procedure and organization of real estate research.

Moreover, the Foundation can draw upon NAR's unparalleled network for access to an unmatched pool of applied real estate expertise for work in Eastern Europe, particularly in the sphere of real estate professional organization and the delivery of associational services to real estate practitioners and professionals. Through NAR, the Foundation is abreast of the technology required to support real estate markets, real estate research and organizational structures.

The Foundation is headquartered in Washington D.C. and has capacity to assure proper management control and accounting for funds and grants, including any received from the government. It is anticipated, however, that as soon as possible the Foundation will commence operations in Eastern Europe in cooperation with indigenous real estate associations or entities which it will identify and develop. Staff of the Foundation will be responsible for initiating and implementing programs in conjunction with local real estate organizations, universities, business associations and governments. Operations in Eastern Europe will commence upon completion of a needs assessment and the development of linkages with key institutions and associations.

D. FOUNDATION REQUEST FOR FUNDING

The Foundation requests funding under the Foreign Assistance Act in the amount of \$4,500,000 to assist in the support of the first three years of its operation. The program which the Foundation intends to undertake with such support involves the identification and/or development, as rapidly as possible, of local and national associations of real estate professionals, so that they can serve the following objectives.

First, the translation and adaptation of United States real estate knowledge, techniques and practice to local needs and conditions. In the United States, the National Association of Realtors® and the Institutes, Societies and Councils which it has created, until relatively recently, have been the primary source of real estate education and information in the United States. Evolving business practices, methods of valuation, management techniques and other knowledge contributing to market or professional efficiencies have been identified, analyzed and disseminated through NAR while at the same time being oriented to local conditions or requirements. In the underdeveloped state of Eastern European real estate professions, the importance of this function cannot be underestimated.

Second, the establishment of ethical conduct and professional performance which can be enforced, which will protect the public and establish the competence of the real estate practitioner. A free real estate market cannot survive abuse and exploitation, whether the product of ignorance or misconduct. With the breakdown of central authority, the need for industry discipline of real estate practitioners will be essential. The safeguards of a Code of Ethics and enforcement procedure were important in the United States in encouraging the public to utilize real estate professionals. It is reasonable to assume that similar safeguards, if established in Eastern Europe, will produce a similar response. NAR originated the Code of Ethics for real estate in the United States as well as the policies and mechanisms for its enforcement.

Third, the establishment of information and research networks which can assure that information concerning the marketplace, changes in the law or regulations applicable to real estate practice, opportunities in all phases of real estate, and available financing alternatives is generally and immediately known. Effective competition depends on ready access to information as does easy access to the marketplace. It also depends on the development of research data which will assist the real estate practitioner in providing the products and services the public require. This is particularly true where, as in Eastern Europe, the development of statistical, demographic, financial and other data required by the profession is non-existent or fragmentary. The development and operation of information and research networks has long been a central function of NAR which operates one of the largest economics and research programs in the real estate industry, sustains the largest non-governmental real estate library and information center in the United States, and oversees a network involving over 1800 local organizations. Similar systems and resources would be invaluable to the emerging real state professions and practitioners in Eastern Europe.

Fourth, the development of the capacity to identify, analyze and react to legislative and regulatory proposals and laws (as well as judicial decisions) impacting housing, land ownership, development and financing. If there truly is to exist a "public/private" partnership involving real estate, then it is imperative that the private real estate sector possess the capacity to influence the laws which govern the industry. In the United States, the input of NAR and other real estate related organizations has proved productive and positive in government deliberations. Likewise, since government regulation represents the power of life and death over real estate development and practice, real estate professionals and their organizations have a vital interest in assuring such regulation is positive in terms of housing access and affordability, consumer protection, development and security of tenure. In the absence of a tradition of public/private partnership in the conduct of an industry or profession, the need for the development of this capacity is especially critical.

Fifth, the development of strong and long term linkages between the real estate industry and profession of the United States and those of Eastern European nations. For the free real estate markets of Eastern Europe to develop, they must draw from the experience of the free world and especially the United States. This means that there should be developed mechanisms for a two-way exchange of practitioners and policy makers. Moreover, aside from the generalized exchange of professional knowledge, specialized, problem oriented consultation on real estate issues or problems can be invaluable to the development of the profession and the market place. NAR has long administered, not only programs for the exchange of real estate interns domestically and in other nations of the free world, but also has provided advisory services for real estate associations, real estate firms and for governments, domestic and international. Hands-on, on-site experience and education can accelerate significantly the development of the free marketplace.

All of the foregoing objectives are clearly within the capacity of the Foundation to promote effectively and efficiently if funded. Moreover, it is important to recognize that the objectives of the Foundation involve not merely changing a culture but creating a culture. A passive culture of bureaucracy, monopoly, allocation, status and collectivism must be changed to an active culture involving enterprise, initiative, competition and choice. Moreover, to achieve this change involves working with people to assist them in organizing themselves, developing private consensus, sharing knowledge and networking on multiple levels.

In the efforts of the Foundation contemplated by this request, it is not contemplated that the Foundation or its agents will undertake to become involved in activities which would conflict with or duplicate the initiatives undertaken in the fields of real state law and finance, construction or other areas under other government contract. However, to the extent the Foundation's efforts with local and national real estate associations might support such initiatives, the foundation would invite coordination and consultation.

Finally, it should be emphasized that the efforts of the Foundation are intended and will be designed to be channeled through and integrated with existing or potential counterpart organizations in the client countries or locales. The aim is not to create a "permanent" Foundation presence but rather to develop an organizational and functional structure which can be adapted and utilized broadly within each comparable real state environment. Thus, education, research, communication and other functions in support of the profession and the free real estate market place would be undertaken in collaboration with indigenous groups and as demonstration projects or programs.

The Funding requested reflects a careful projection of the anticipated cost, net of the contribution of the National Association of Realtors®, required to significantly and substantively address the objectives defined. It is the intention of the Foundation, if funded, to undertake, as a "First Phase", an on-site survey of the Eastern European nations which are amenable to this initiative to determine the most promising real estate markets, the existing or potential associations or organizations which might cooperate, the academic, educational, networking and other resources which might be either enlisted or supplemented, and the basic menu of association activities and programs which might be undertaken.

As part of this "First Phase", efforts would be made to identify real estate practitioners in the United States who would have the language and technical skills and capacity required and to enlist their commitment to support, as advisors, trainers, organizers, or in other capacities, the activities and programs approved for implementation. This Phase would also include the assessment of the nature and extent of the "on-site" presence which would be required to be effective.

The "Second Phase" of the Program would involve the preparation of a detailed action plan which would specifically identify the real estate markets which would be addressed, the indigenous associations and organizations, if extant, with which the Program would cooperate, the anticipated program/activity mix appropriate to the nation or locale and the state of the marketplace, and the anticipated logistical commitment, human and financial, with timing projections.

It is anticipated that the number of areas addressed during the Second Phase would be limited during the first year in order to permit evaluation and revision, as required, of programs and strategies. However, it is anticipated that during the second and third years of the Program, the number of sites and the intensity of activities would accelerate significantly as patterns are identified and methodologies are validated. By the end of the Third Year, the aim would be to have a real estate association in existence and capable of providing basic communication, networking, educational and research support to real estate practitioners in at least three of the Eastern European nations and two of the Russian republics. These organizations would, hopefully, be supplemented by as many as four local or regional real estate associations. It is anticipated that at this point, further associational development will be generated by the indigenous Associations and the nature and extent of Foundation support will change.

E. Foundation Program Components

As indicated above the proposed Foundation program has two phases: the assessment phase and the development phase.

a. **Assessment Phase.** During the Assessment Phase the foundation will conduct a comprehensive on-site analysis of the real estate environments offering the greatest potential for development. Past experience with the Eastern European Nations and Russia indicates that "generic" education, training, technical assistance and institutional development will not respond to massive diversity and disparity in the real estate environments and marketplaces which must be addressed. The application of resources and the structuring of programs to deliver information, education and assistance must be tailored as much as possible to accommodate the significant differences which exist in culture, tradition, economic and legal development, demographics, educational capacity and political and public attitudes. At the same time the programs cannot be allowed to develop sui generis since one of the key objectives of the program is to regularize the market place and real state practices and expectations, to introduce systems which can produce economies of scale, and to provide for networking which requires commonality within nations if not between them.

During the Assessment Phase, efforts will also be made to identify priority problems so that special requirements generated by critical needs can be addressed. The Foundation recognizes that depending on the nation or marketplace and its state of development, the organization of specialized property markets or real estate disciplines may take priority. Thus, if, for example, the most critical problem confronting a nation or marketplace is the transfer of management responsibility from state monopolies to private enterprise, the organization of the real estate management discipline may have to take precedence over brokerage of single family houses. To be meaningful and relevant, the Foundation's assessment must include consideration of the relative demand for the various real state services, including not only management, but also appraisal, development and brokerage. Further the assessment must consider, even within these disciplines, the types of real state which commands the most urgent attention; i.e. residential, agricultural, commercial, industrial, multi-family, etc.

b. Development Phase. The Development Phase involves the assisting in the organization and promotion of local and national associations that would serve as institutional bases for the development of the private real estate sector and its practitioners. Ideally these associations should be linked with their counterparts in other countries and become the foundation for on-going education and training programs. The Foundation would also assist in defining and establishing educational standards and licensing requirements for real estate professionals.

In connection with its work in support of the organization and promotion of local and national associations the Foundation would:

1. advise concerning the development of cooperative marketing systems and particularly "multiple listing" exchanges as a way of identifying available properties and regularizing the marketplace in the interest of the consumer;
2. advise in the establishment of a program of time series aggregation that would promote effective market research, including continuous data on home sales, sale price, affordability, mortgage rates and fees, consumer profiles, demographic trends and property finance information;
3. advise and facilitate in the establishment of a research forum which would bring U.S. real estate academicians into communication with Eastern European counterparts so that they could address issues, exchange research and enhance the educational opportunities of Eastern European practitioners;

4. sponsor a program of internships to staff and advisory service involving the assignment of graduates of U.S. real estate degree programs for periods of up to two years to enable them to provide technical assistance to real estate association, conduct on-site education and training programs, and create a cadre of U.S. real estate experts on real estate in the area;
5. provide, through a Volunteer Corps, qualified and experience real estate counsellors, instructors, and professionals to provide on-site advice to Eastern European real estate organizations and, through them, their members and the profession at large, on real estate practices, policies, procedures, techniques and issues;
6. encourage and facilitate coalition building not only through the promotion of public/private partnerships within the Eastern European nations as contemplated by the United Nations 1988 Global Strategy for Shelter but also through participation with the National Association of Realtors® and other United States and International Associations concerned with real estate.

F. Program Management

The Program contemplated by the Foundation for an initial three year term would cost an estimated four million five hundred thousand dollars (\$4,500,000). Three years is considered to be the shortest period of time required to identify, design, implement and evaluate a meaningful number of useful real estate market development programs.

(a) Headquarters

The Executive Office of the Foundation would be located in Washington D.C. It will be staffed by an Executive Director, an Administrative/Recruitment Officer and an Executive Secretary.

The Headquarters Office would be responsible for:

- o Overall management
- o Direct field program participation
- o Maintaining a distinguished governing and advisory board
- o Fundraising
- o Creation and maintenance of a talent bank

- o Interface with specialized institutes of NAR and other real estate bodies
- o Administration and contract management
- o Creation and maintenance of an information resource center
- o Relations with AID, UNCHS, World Bank and other entities operating in Easter Europe
- o Legal matters
- o University relations

(b) Field

The Foundation contemplates a small Field Office in Eastern Europe from the beginning and will employ a Field Manager and Executive Assistant for Eastern European operations who, with support from the United States and with participation of the Executive Director, will organize and participate in the initial on-site analyses necessary to identify institutional anchors, hire local staff and to determine programming opportunities, content and priorities.

The Field Manager would also be charged with establishing and hiring a local network to assure the local logistical support required to mount all assessment and to help implement the programs which are developed. On-site capacities of cooperating real estate associations, bodies or universities would be further enhanced as the Foundation's internship program is implemented and interns can be assigned.

The field office will be responsible for:

- o Management of all foundation sponsored teams
- o Placing of interns
- o Managing the "Market Advisory Services"
- o Identifying collaborating institutions
- o Collecting and maintaining a real estate information system
- o Collaborating with institutions involved in real estate reform

Ultimately, once multiple programs are in place, interns are on-site, and the real estate Executive Corps and project teams are fielded, additional logistical support capacity will be required. However, the Foundation expects that such support will eventually be provided on a shared cost basis through the real estate associations which the Foundation expects to organize or develop or through the universities, business associations or units of government in conjunction with which the programs will be implemented.

**Addendum to
THE EASTERN EUROPE REAL PROPERTY FOUNDATION
PROGRAM PROPOSAL
Operations In the Newly Independent States**

**NATIONAL ASSOCIATION OF REALTORS®
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A. INTRODUCTION

For at least three years, the National Association of Realtors® has studied and concerned itself with the critical need, opportunity and the general shape of housing and real estate assistance required in countries of the former Soviet Union.

The Third International Shelter Conference, held in Washington D.C. in April of 1990, which was organized and sponsored by NAR, provided an unexpected breakthrough and impetus to NAR's efforts to reach the Soviet Bloc. Responding to NAR's invitation, the U.S.S.R. not only provided a delegation to the Conference but also presented a Case Study of Soviet real estate issues. Through the Russian participation, NAR was able to open lines of communication with various high-level Soviet housing officials which ultimately resulted in a conference in Moscow in September of 1990 and the development of a Protocol committing NAR and the U.S.S.R. to a further conference in 1991 to identify opportunities for cooperation and information exchange on housing development and real estate markets.

The intensity of NAR interest increased as the evolving Confederation of Independent States indicated further interest in, and provided further opportunities for, cooperative initiatives. In September of 1991 the Russian Deputy Minister for Housing and Construction headed a delegation to a meeting with NAR's Society of Real Estate Counsellors held in Scotland. In October of 1991, NAR's Commercial Investment Institute conducted a seminar on private real estate development in Moscow and a corresponding exchange visit in the United States which included top management of the most important housing and commercial construction conglomerate of the City of Moscow.

And, in November of 1991, pursuant to its 1990 Protocol Agreement, NAR was the prime sponsor of a week-long conference in Moscow in collaboration with the Massachusetts Institute of Technology and the United Nation's Commission on Human Settlements. The World Bank and the U.S. Department of Housing and Urban Development, USAID, participated as observers while the Urban Institute and the Commercial Investment Real Estate Institute of NAR were participating presenters. Critically important recommendations were provided to the Russian Government (Exhibit A).

In May of 1992, we received an important Russian Delegation headed by Y.V. Basin, Chairman, Committee on Construction, Architecture and Urban Development of the Supreme Soviet of the Russian Federation.

We were requested to help create a Russian Guild of Realtors (Exhibits B & C).

B. THE SCOPE AND PURPOSES OF THE NIS PROGRAM

1. The Newly Independent State (NIS) of the former Soviet Union need a system to develop, educate and organize the constituent elements of a private real estate industry and professional managers, brokers, developers, appraisers and counsellors - if effective real estate and housing markets are to develop within a framework of public/private partnerships.
2. The Eastern Europe Real Property Foundation will assist in the transition from centrally-planned to market driven economies in two of these countries - Russia and the Ukraine. Within Russia cities of concentration will be Moscow and St. Petersburg; in the Ukraine, Kiev and Karkov. We will assist in the creation of real property markets. The Foundation will focus on institutional development, including the development of real estate associations and of systems for real estate education.
3. The goal of the Foundation in the NIS will be replication and adaptation of the key elements existing in the U.S. real estate system to local needs and conditions. The central objective is to create a highly organized, ethical and educated real estate profession committed to the protection of the public, promotion of home ownership, the establishment and preservation of private property, efficient and equitable real estate markets and the creation of a legal environment supportive of these objectives.

The program involves the following objectives:

- o First, the translation and adaptation of United States real estate knowledge, techniques and practice to local needs and conditions.
- o Second, the establishment of ethical conduct and professional performance which can be enforced, which will protect the public and establish the competence of the real estate practitioner.
- o Third, the establishment of information and research networks which can assure that information concerning the marketplace, changes in the law or regulations applicable to real estate practice, opportunities in all phases of real estate, and

available financing alternatives is generally and immediately known.

- o Fourth, the development of the capacity to identify, analyze and react to legislative and regulatory proposals and laws (as well as judicial decisions) impacting housing, land ownership, development and financing.
 - o Fifth, the development of strong and long term linkages between the real estate industry and profession of the United States and those of Eastern European nations.
4. The Foundation, backed by NAR expertise developed over eighty years, will also have access to the specialized membership and educational capability of institutes of NAR - brokerage, property management, commercial, industrial and agricultural property, appraisal and counselling. It will also have access to a vast pool of membership expertise which will be provided, whenever possible, through a Volunteer Corps to be organized by the Foundation. It will have access to unmatched real estate technological knowledge and sophistication.
 5. The Foundation will operate, where feasible, with local real estate organizations and educational bodies. Where these do not exist, the Foundation will develop a plan to create them over a three to five year period.
 6. The Foundation will mount detailed real estate profession and association assessments as soon as funded. Subsequently, it will carry out programs of institutional development and training in key real estate functional areas. A three year effort, if it is to be at a scale to have a visible impact, requires funding of at least \$1,500,000 for the first three years of operation. No comprehensive real estate program of the type here described is contemplated by any other organization. NAR and its Foundation are uniquely qualified and the single most capable source of this expertise.
 7. NAR has been heavily involved with international real estate markets since the 1950's. It has been deeply involved with property rights, housing and shelter internationally since 1976. It has been engaged in property rights, real estate and shelter matters in the former Soviet Union, Russia, for three years.
 8. The program contemplates creation of real estate associations which will have the capability to educate, inform, enforce a Code of Ethics, conduct

market research and gather information and analyze and react to legislative and regulatory proposals. The program also contemplates creating professional and university linkages between the U.S. and these countries, the development of a specialized pool of problem-solving real estate consultants and a two-way interchange of interns between member firms of NAR and between universities.

9. The program will deliberately seek to create a beachhead for American real estate businesses and U.S. practitioners wishing to do business in Russia and the Ukraine. It will do so by providing market information, research and knowledge of joint venture opportunities. European real estate associations backed by funding of their governments are aggressively moving into these markets now in order to create business for their members. The U.S. must do no less in its national economic interest.
10. Part of the response to this real estate market creation will involve the creation of a system of laws establishing security of tenure and defining the nature, extent and limits of the rights and obligations of real property owners and tenants. The system must also include means of recording title and restrictions on title.
11. The other part of the response involves the creation and organization of a private real estate profession, consisting of real estate managers, brokers, developers, appraisers, counsellors and builders who are committed to operating in a competitive real estate market, committed to the protection of the public, committed to constantly enhanced competence and committed to the creation of an effective public/private partnership with government at all levels to assure the highest and best use of the land.
12. The National Association of Realtors® has long been concerned with determining how it might most effectively and efficiently contribute to the efforts by the NIS to reestablish their systems of private property. NAR experience on the ground indicates that the establishment of private property rights and effective housing and real estate markets are among the top priorities of countries seeking to transform their economies.
13. While the National Association is deeply concerned with and has expertise in real estate law and regulation, and is similarly involved with real estate financing and recording systems and structures, it recognizes that its greatest contribution can be made in attempting to replicate in the NIS what it has achieved in the United States, the development of a highly organized, educated, ethical and influential real estate profession

committed to the protection of the public, the promotion of homeownership and the preservation of private property.

14. The Eastern Europe Real Estate Foundation is chartered as a non-profit organization, exempt under Section 501(c)(3) of the Internal Revenue code.

The Foundation will draw upon the strengths of NAR as a broadly based national and international organization and will utilize NAR membership resources wherever possible on a contributed basis through a volunteer corps. Beyond this, however, and more important, is NAR's commitment of its organizational capability and expertise developed over eighty years. This real estate expertise is comprehensive, especially as it relates to the creation of professional associations and their utilization for the purpose of education, ethical oversight, regulatory development, regularization of real estate practice and procedure and the organization of real estate research and markets.

Moreover, the Foundation can draw upon NAR's unparalleled network for access to an unmatched pool of applied real estate expertise for work in Russia and the Ukraine, particularly in the sphere of real estate professional organization and the delivery of associational services to real estate practitioners and professionals. Through NAR, the Foundation is abreast of the technology required to support real estate markets, real estate research and organizational structures.

15. All of the objectives laid out in 3. above are clearly within the capacity of the Foundation to promote effectively and efficiently if funded. Moreover, it is important to recognize that the objectives of the Foundation involve not merely "changing" a "culture" but creating a culture. A passive culture of bureaucracy, monopoly, allocation, status and collectivism must be changed to an active culture involving enterprise, initiative, competition and choice. Moreover, to achieve this change involves working with people to assist them in organizing themselves, developing private consensus, sharing knowledge and networking on multiple levels.
16. Finally, it should be emphasized that the efforts of the Foundation are intended and will be designed to be channeled through and integrated with existing or potential counterpart organizations in the client countries or locales. Thus, education, research, communication and other functions in support of the profession and the free real estate market place would be undertaken in collaboration with indigenous groups and as demonstration projects or programs. The Program will be carefully coordinated with the Resident Advisor Program and the important work

being carried out by ICMA and other AID contractors, as well as the work of the World Bank.

C. FOUNDATION PROGRAM COMPONENTS

The program has two phases: assessment and program delivery/training.

1. Assessment Phase.

During the Assessment Phase the foundation will conduct a comprehensive on-site analysis of real estate environments in four cities of Russia and the Ukraine (Exhibit D). The application of resources and the structuring of programs to deliver information, education and assistance must be tailored as much as possible to accommodate the significant differences which exist in culture, tradition, economic and legal development, demographics, educational capacity and political and public attitudes. At the same time the programs cannot be allowed to develop sui generis since one of the key objectives of the program is to regularize the market place and real state practices and expectations, to introduce systems which can produce economies of scale, and to provide for networking which requires commonality within major market areas.

During the Assessment Phase, efforts will also be made to identify priority problems so that special requirements generated by critical needs can be addressed. The Foundation recognizes that depending on the nation or marketplace and its state of development, the organization of specialized property markets or real state disciplines may take priority. Thus, if, for example, the most critical problem confronting a nation or marketplace is the transfer of management responsibility from state monopolies to private enterprise, the organization of the real estate management discipline may have to take precedence over brokerage of single family houses. To be meaningful and relevant, the Foundation's assessment must include consideration of the relative demand for the various real state services, including not only management, but also appraisal, development and brokerage. Further the assessment must consider, even within these disciplines, the types of real state which commands the most urgent attention; i.e. residential, agricultural, commercial, industrial, multi-family, etc.

2. Program Delivery/Training.

- a. This Phase involves the assisting in the organization and promotion of local organizations that would serve as institutional bases for the development of the private real

estate sector and its practitioners. Ideally these organizations should be linked with their counterparts in other market countries and become the foundation for on-going education and training programs. The Foundation would also assist in defining and establishing educational standards and licensing requirements for real estate professionals.

- b. Advise concerning the development of cooperative marketing systems and particularly "multiple listing" exchanges as a way of identifying available properties and regularizing the marketplace in the interest of the consumer;
- c. Advise in the establishment of a program of time series aggregation that would promote effective market research, including continuous data on home sales, sale price, affordability, mortgage rates and fees, consumer profiles, demographic trends and property finance information;
- d. Advise and facilitate in the establishment of a research forum which would bring U.S. real estate academicians into communication with Eastern European counterparts so that they could address issues, exchange research and enhance the educational opportunities of Eastern European practitioners;
- e. Sponsor a program of internships to staff a market advisory service involving the assignment of graduates of U.S. real estate degree programs for periods of up to two years to enable them to provide technical assistance to real estate association, conduct on-site education and training programs, and create a cadre of U.S. real estate experts on real estate in the area;
- f. Provide, through a Volunteer Corps, qualified and experienced real estate counsellors, instructors, and professionals to provide on-site advice in Russia and the Ukraine on real estate practices, policies, procedures, techniques and issues;
- g. Encourage and facilitate coalition building not only through the promotion of public/private partnerships within the NIS as contemplated by the United Nations 1988 Global Strategy for Shelter.

PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T) *

1. Cooperating Country US	2. PIO/T No. 110-0008-3-366-2350	3. PIO/T Amend No. original
Project/Activity No. and Title Project 110-0008 Housing Sector Reform	5. Appropriation Symbol(s) 72-112/31037	
7. Pro Ag No. or Project Authorization Date 3/30/92	6. Budget Plan Code(s) WES2-93-36110-KG-12 (270-68-110-00-69-31)	
9. Project Assistance Completion Date (Month, Day, Year) 04/01/96	8. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	
11. Type of Action and Governing A.I.D. Handbook A. A.I.D. Contract (HB14) B. A.I.D. Grant or Cooperative Agreement (HB 13) C. PASA/RSSA (HB 12) D. Other	10. Authorized Agent FA/OP/O	12. Contract/Grant/Cooperative Agreement/ Reference Number (if this PIO/T is for an order or a modification to an award) EUR-0034-A-00-2091-00

13. A.I.D. Funding (Attach a detailed budget in support of column (2) as Attachment A.

	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
A. Dollars	0	\$65,648	0	\$65,648
B. U.S.-Owned Local Currency				0

14. Mission References

15. Instructions to Authorized Agent FA/OP/O is requested to negotiate an amendment to the cooperative agreement with the Eastern Europe Real Property Foundation of the National Association of Realtors based on the attached schedule and scope of work (Annex A) and the Foundation/NAR unsolicited proposal (Annex B). The agreement will be funded incrementally. Total funding for the three year amendment shall not exceed \$1.5 million. A certified "Justification for Non-Competitive Award" is attached (Annex C). Work under this amendment would begin o/a December 1, 1992. Indirect cost calculations should be reviewed as per A.I.D. regulations. The original cooperative agreement was funded by the Europe Bureau under PIO/T #180-0034-3-262-2390.

16. Address of Voucher Paying Office AID/FA/FM/CPMD/DCB/ Room 700, SA-2, Washington, DC 20523-0204

17. Clearances - Include typed name, office symbol, and date for all clearances

A. The Project Officer certifies (1) that the specifications in the statement of work or program description are technically adequate, and (2) that (for contract actions only) all program personnel who are defined as procurement officials under 41 U.S.C 423 have signed the Procurement Integrity Certification (OF-333).

Signature: George Deikun, PRE/H Date: 10/29/92 Phone No: 32530

B. The statement of work or program description lies within the purview of the initiating office and approved agency programs

Signature: Mariasone Johnson, NIS/TF/PAC Date: 10/29/92

C. J. Winn, NIS/TF

D. Funds for the services requested are available

Signature: Susan Budac, NIS/TF/PAC Date: 10/29/92

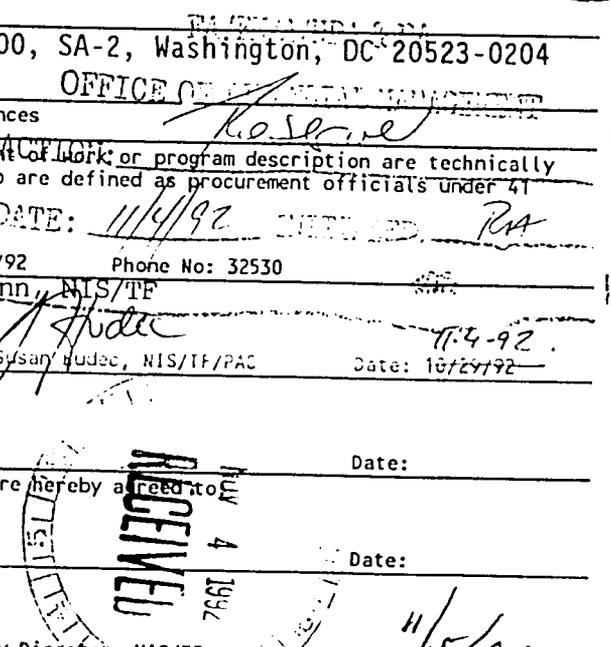
18. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to

Signature: Rose Anderson, FM/PPN Date:

Signature: Date:

19. For the Agency for International Development:

Signature: Barbara Turner Title: Deputy Director, NIS/TF Date: 11/5/92



FOR CONTRACT ACTIONS ONLY: SOURCE SELECTION INFORMATION--SEE FAR 3.104. THIS DOCUMENT, OR PORTIONS THEREOF, CONTAINS PROPRIETARY OR SOURCE SELECTION INFORMATION RELATED TO THE CONDUCT OF A FEDERAL AGENCY ACQUISITION, THE DISCLOSURE OF WHICH IS RESTRICTED BY LAW (41 U.S.C. 423). UNAUTHORIZED DISCLOSURE OF THIS INFORMATION MAY SUBJECT BOTH THE DISCLOSURER AND RECIPIENT TO CONTRACTUAL, CIVIL, AND/OR CRIMINAL PENALTIES AS PROVIDED BY LAW.

OTHER ACTIONS: UNAUTHORIZED DISCLOSURE OF PROPRIETARY OR SOURCE SELECTION INFORMATION MAY SUBJECT AN EMPLOYEE TO DISCIPLINARY ACTION.

1350-1 (5/91)

PIO/T No. 110-0008-3-366-2350

20. Special Provisions

A. Language Requirements (specify) (Include funds in budget for testing, as required.)

B. Access to classified information will will not be required by technical specialists. (Indicate level)

C. Duty post(s) and duration of technical specialist(s) services at post(s) (months):
Washington, Russia, Ukraine

D. Dependents' travel and support will will not be funded by A.I.D.

E. Geographic code applicable to procurement under this PIO/T is: (If other than authorized in Project Authorization, attach waiver(s))

1. 000 3. 935 5. Other (specify)

2. 899 4. 941

F. Salary approval(s) to exceed FS-1 salary ceiling are:
 1. attached 2. in process 3. N/A

G. Cooperating country acceptance of this project:
 1. has been obtained 2. is in process 3. is not applicable to services required by PIO/T

H. Justification for use of external resources for advisory and assistance services is:
 1. attached 2. N/A

I. clearance for procurement of ADP equipment, software, and services is:
 1. attached 2. in process 3. N/A

J. OMB approval of any report to be completed by ten or more members of the general public under the statement of work is:
 1. attached 2. in process 3. N/A

K. Participant Training is is not being funded as part of this PIO/T.
(If so, attach Budget Estimate Worksheet, Form AID 1382-10)

L. Requirement (contracts only) is recommended for:
 1. small-business set-aside 2. SBA 8(a) program
 3. disadvantaged-enterprise set-aside 4. No recommendation

M. Other (specify)

Provisions for Logistic Support

A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain in C. "Comments")	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER	N/A
	A.I.D.	COOPERATING COUNTRY	A.I.D.	COOPERATING COUNTRY		
(1) Office Space					X	
(2) Office Equipment					X	
(3) Housing and Utilities					X	
(4) Furniture						
(5) Household Appliances (Stoves,Refrig., etc.)						X
(6) Transportation in Cooperating Country						X
(7) Transportation To and From Country					X	
(8) Interpreter Services/Secretarial					X	
(9) Medical Facilities (Health Room)					X	
(10) Vehicles (official)					X	
(11) Travel Arrangements/Tickets						X
(12) Nightwatchman for Living Quarters					X	
(13)						X
(14)						
(15)						
(16)						

B. Additional Facilities Available From Other Sources:
 1. Diplomatic 2. PX 3. Commissary
 4. Other (specify, e.g., duty free entry, tax exemptions)

C. Comments:

110-0008-3-366-2350

22. Relationship of Contractor or Participating Agency to Cooperating Country and to A.I.D.

A. Relationships and Responsibilities: This cooperative agreement will be managed by PRE/H.

B. Cooperating Country Liaison Officials: To be identified.

C. A.I.D. Liaison Officials: PRE/H, George Deikun

23. Background Information (additional information useful to authorized agent)

Summary of attachments that accompany the PIO/T (check applicable boxes)

- A. Detailed budget estimate in support of increased funding (Block 13)
- B. Evaluation criteria for competitive procurement
- C. Justification for procurement by other than full and open competition or noncompetitive assistance
- D. Statement of work or program description
- E. Waiver(s), justification(s), clearance(s), certification(s), approval(s) (specify number)

25. Distribution of PIO/T