Senate moves to protect consumers by prohibiting banks from entering real estate brokerage

by Bend Weekly News Sources

Pat Vredevoogd Combs, president of the National Association of Realtors, praised Senators Hillary Rodham Clinton (D- N.Y.) and Senator Wayne Allard (R-Colo.) for introducing key legislation that NAR believes would ensure the nation's real estate industry remains competitive.

The Community Choice in Real Estate Act, S.413, introduced Friday, is cosponsored by senators on both sides of the aisle: Jeff Bingaman (D-N.M.), Sherrod Brown (D-Ohio), Richard Burr (R-N.C.), Maria Cantwell (D-Wash.), John Ensign, (R-Nev.), Russ Feingold (D-Wis.), Tom Harkin (D-Iowa), Joe Lieberman (I-Conn.), Richard Shelby (R-Ala.), Bernie Sanders (I-Vt.) and Olympia Snowe (R-Maine).

In a letter circulated earlier in the week, Clinton and Allard explain that allowing banks into the real estate industry would "upend one of our nation's most fundamental economic policies -- the separation of banking and commerce -- and put our economy at risk." The letter also notes that "allowing banks into real estate hurts competition and consumers. It will result in bigger banks, higher costs and less consumer choice and service."

NAR has communicated to Congress its longstanding support for keeping banks as impartial providers of credit and not permitting them to control all aspects of real estate transactions.

"Realtors provide extensive personal attention to consumers during the lengthy process of buying a home. It would be difficult for banks to provide that type of counsel because of conflicts with their other business objectives," said Combs. "We thank Senators Clinton and Allard for their leadership and for gathering bipartisan support for the Community Choice in Real Estate Act. We look forward to working with them towards its passage, and ensuring the vigorous enforcement of the law that prohibits the mixing of banking and commerce."

Earlier in January Congressmen Paul Kanjorski (D-Pa.) and Ken Calvert (R- Calif.) introduced the House version, H.R. 111. The bill is designed to keep real estate brokerage and management clearly defined as commercial activities and not financial matters, ensuring that the separation of banking and commerce continues as mandated by the Gramm-Leach-Bliley Act.

NAR encourages the House and Senate to quickly come together to pass final legislation that will protect both consumes and our nation's economic stability.

"Without passage of this legislation we are concerned that national bank conglomerates will continue their attempts to enter into the real estate industry, putting both competition and the nation's economic health at

risk," said Combs. "The U.S. economy depends on a strong real estate market and a healthy banking industry. However, attempts by the Federal Reserve and Treasury to redefine real estate as a financial activity would have harmful effects resulting in less competition, higher costs for consumers, and unfair competitive advantages for banks."

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