

**OPENING STATEMENT OF
CONGRESSMAN PAUL E. KANJORSKI
COMMITTEE ON FINANCIAL SERVICES
HEARING ON PROTECTING CONSUMERS AND
PROMOTING COMPETITION IN REAL ESTATE SERVICES
WEDNESDAY, JUNE 15, 2005**

Mr. Chairman, thank you for convening this hearing on the pending regulatory and legislative proposals affecting real estate brokerage and management. Although I, like you, want to resolve these important matters, we have very different views on the appropriate solution.

As part of the 1999 law to overhaul and modernize our nation's financial services industry, we created a framework that prohibits the mixing of banking and commerce, but which permits financial institutions to engage concurrently in banking, insurance, and securities activities. During our lengthy considerations of this groundbreaking law, I very strongly supported maintaining the firewalls separating the financial and commercial sectors.

To underscore our concerns about the integration of banking and commerce, the 1999 law also specifically banned financial institutions from entering real estate development and investment services. Although real estate management and brokerage represent non-financial, commercial activities, in one of their first acts of interpreting the Gramm-Leach-Bliley Act, regulators unfortunately issued an ill-conceived rule proposal that would allow national bank holding companies and their subsidiaries to engage in these pursuits.

Because this proposal greatly concerned me, I began working to draft the Community Choice in Real Estate Act, which I introduced along with Congressman Ken Calvert. Our legislation would explicitly prohibit national bank holding companies and their subsidiaries from engaging in real estate brokerage and management.

We first introduced the Community Choice in Real Estate Act in the 107th Congress. We also reintroduced the bill in the 108th Congress and the 109th Congress. In every Congress since its introduction, our bill has gained the support of a bipartisan majority of the House. In the 109th Congress, for example, 238 Members of the House have already backed H.R. 111, and we continue to add a few more cosponsors almost every week.

Some parties involved in these long-standing debates have recently begun to suggest that we need to consider a compromise to resolve these matters. I can neither support a compromise that would fracture the firewall between banking and commerce nor an arrangement that would undermine the leadership that our local communities genuinely need.

Moreover, we should refrain from engaging in a lengthy and contentious debate on other legislative proposals in this area or yet-to-be-developed compromises. We should instead consider H.R. 111 as quickly as possible. The Community Choice in Real Estate Act already has the support of a majority in the House. It is the solution that my colleagues are ready to accept.

In closing, Mr. Chairman, allowing banks to engage in real estate management and brokerage will only hurt consumers, communities, and our economy. We are as a result seeking to stop a problem before it begins. I very strongly hope that we will therefore approve H.R. 111 before the end of the 109th Congress.
