



Washington

wants to know



## Should Your Banker Be Your Real Estate Broker?

(NAPSA)—A proposal before the Federal Reserve Board could drastically alter the way consumers shop for a home.

For over 60 years banks have been prevented by law from owning real estate brokerages. This part of what was called the Glass-Steagall Act regulated the financial services industry and served as a check on the power banks have over the interests of consumers.

According to NAR President Richard A. Mendenhall, if the proposed regulation is adopted, banks will build market share by classic monopoly practices. In the end, consumers will pay more: If the recent rise in ATM fees tells us anything, it is that banks will soon find a way to add charges and make the process of buying a home more expensive for the consumer.

The majority of Americans (three in five) do not believe current federal banking laws protect consumers' privacy. A bank-affiliated real estate firm could use confidential information on deposits, borrowing and credit card use to market their other services and products. The confidential nature of the home buying and selling process would suffer.

Said Mendenhall, "In a short time, through sheer market power, a few huge banks could control a significant portion of the real estate brokerage, relocation and management businesses and change our industry for the worse."

Concerns have also been raised that having banks get involved in real estate could create conflicts of interests, with the real estate division serving as nothing more than the marketing arm of the mortgage unit.



**Many experts, such as Richard Mendenhall, believe letting banks own real estate brokerages is not in the best interests of home buyers.**

Perhaps one of the strongest objections raised against the plan is the lack of experience banks have in the real estate industry. Other than writing a mortgage, banks have little if any experience in helping clients find the property they want.

In many ways, customer service is the heart of the real estate profession. A recent survey showed that when consumers select a real estate agent, only two percent make their decision based on financing issues.

The majority of consumers report they look for agents who are competent and understand the market—qualities that stem from experience.

Those who have an opinion about this or other issues should contact their elected officials in Washington.

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