



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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October 18, 2005

U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative:

As you may know, The GAO recently issued a report entitled “Real Estate Brokerage—Factors That May Affect Price Competition.” The study focused on three issues.

Competition: The real estate industry is competitive. That competition is based more on non-price factors such as quality, level of service and reputation.

- “The real estate brokerage industry has a number of attributes that economists normally associate with active price competition...”
- “Moreover, uniformity in commission rates within a market at a given time does not necessarily indicate a lack of price competition.”

Internet: The internet has increased consumer access to information and created new ways to buy and sell real estate.

- “The Internet also has fostered the creation or expansion of a number of Internet-oriented firms that provide real estate brokerage or related services, including discount brokers and broker referral services.”

State Chartered Banks: Few state chartered banks engage in real estate brokerage.

- “Our review...showed that approximately 30 states may potentially authorize state-chartered banks or their operating subsidiaries to engage in some real estate brokerage activities.”
- “However, we also found that because only a small number of banks in these states appeared to have taken advantage of this authority, the effect on competition and consumers was likely minimal... and none offered discount brokerage services.”

You can read the full report at <http://www.gao.gov/new.items/d05947.pdf>.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Al Mansell'.

Al Mansell, President  
National Association of REALTORS®