

June 9, 2003

The Honorable  
House of Representatives  
Washington, DC 20515

Dear Representative

The undersigned real estate organizations urge you to vote for the Class Action Fairness Act of 2003 (H.R. 1115), currently scheduled for consideration by the full House on Wednesday, June 11<sup>th</sup>. We believe that the proposed legislation would help protect responsible companies from abusive class action lawsuits and assure prompt resolution of legitimate claims.

The class certification mechanism can be an effective tool to resolve lawsuits involving plaintiffs with similar claims. However, existing laws promote abuse and cause harm to both plaintiffs and firms that must defend against abusive lawsuits. We agree with the findings of H.R. 1115 that the ability of class action plaintiffs to file in state and local courts has forced businesses to defend suits with national implications in courts where less scrutiny may be given to the merits of the case and where defendants may settle rather than face potentially large judgments.

Real estate firms in particular are increasingly targeted for class action litigation in operational areas such as fax mailings, lease termination fees, and the property's environment. The existing rules for jurisdiction, class certification, and settlements force real estate firms to absorb the cost of defending class action lawsuits and pass costs along to consumers. A system set up to protect consumers ends up imposing costs on consumers as affected firms raise prices to cover the costs of forced settlements and excessive judgments. Given the country's unsteady economy, this is a consequence that consumers can ill afford.

As passed out of the Judiciary Committee on May 21<sup>st</sup>, the bipartisan Class Action Fairness Act would also provide crucial consumer protections that would encourage just outcomes for class members. According to a recent study by the RAND Institute for Civil Justice, class action attorneys in state courts frequently receive more compensation from settlements than all class members combined. In one egregious settlement involving a mortgage company that deducted funds from customer escrow accounts in order to pay attorneys' fees, individual class members received a maximum of \$8.76 while their attorneys took home more than \$8.5 million. Importantly, the proposed legislation would prevent attorneys from collecting disproportionate settlement amounts at the expense of class members.

On behalf of real estate firms all across the country, we urge you to vote for H.R. 1115, the Class Action Fairness Act, when it comes to the House floor. Thank you for your attention to this important matter.

Institute of Real Estate Management  
National Apartment Association  
NATIONAL ASSOCIATION OF REALTORS®  
National Leased Housing Association  
National Multi Housing Council