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Issue Area: Conventional Residential Lending
Date of Action: 10/15/97
Document Title: To The "Boehner Task Force," House Of Representatives Republican Leadership, And The House Commerce Committee Regarding Financial Services Modernization Bill

October 7, 1997

The Honorable John A. Boehner
1011 Longworth House Office Building
Washington, D.C. 20515

Dear Representative Boehner:

The NATIONAL ASSOCIATION of REALTORS® wishes to make its position clear as the current legislative session winds down and your attention focuses on how to advance a financial services reform measure. **REALTORS®** have a long history of wariness regarding unfettered cross ownership of banking and non-financial firms. Our testimony and letters to the House Commerce Committee and earlier to the House Banking Committee all address this concern. **REALTORS®** firmly believe that the expansive interpretation of regulatory authority by the Comptroller of the Currency regarding bank subsidiaries must be expressly constrained, and we support maintaining the federal thrift charter.

As the Boehner task force and the House Commerce Committee work on a financial services reform bill, we urge that you keep in mind our principal concerns regarding the issues associated with the Oxley substitute for H.R. 10, the "Financial Services Competitiveness Act".

REALTORS® oppose the cross ownership of banking and non-financial enterprises as currently contemplated in the "basket" formulas. Even reduced limits on the contribution of total revenues of the affiliating entity and the current limits on total assets of the acquired enterprise are unacceptable. The basket formulas are basic admission standards to unrestricted mixing of banking and commerce. The total revenue and assets tests are floors, not ceilings.

The Association also believes that the Comptroller of the Currency's authority to permit national bank subsidiaries to engage in business activities that are impermissible to the parent bank should be expressly and summarily restricted. The expansive interpretation of the National Bank Act is unwarranted and a clear overstepping of Congressional intent.

Finally, **REALTORS®** oppose eliminating the federal thrift charter. These financial institutions play a vital role in providing a funding option for mortgage lending. We are hard pressed to identify any public policy justification for abolishing the federal thrift charter, thus removing a mortgage financing option that home buyers relied on for more than 30 years. Moreover, these institutions should not be penalized for successfully fulfilling a Congressionally-mandated role in supplying mortgage credit to potential home buyers.

We respectfully request your attention to our concerns.

Sincerely,

Stephen A. Driesler
Senior Vice President and Chief Lobbyist

cc: Honorable Newt Gingrich, Speaker of the House
Honorable Richard K. Armey, Majority Leader
Honorable Tom Delay, Majority Whip
Members of the Commerce Committee