



May 4, 2001

Ms. Jennifer L. Johnson Secretary, Board of Governors of the Federal Reserve System 20th St. and Constitution Avenue N.W. Washington, D.C. 20551

Real Estate Brokerage and Management Regulation Office of Financial Institutions Policy U.S. Department of the Treasury 1500 Pennsylvania Avenue N.W. Room SC 37 Washington, D.C. 20220

Dear Sirs/Madam:

I am writing to express the concerns of the American Land Title Association (ALTA) about the possible market concentration that might result if banks are allowed to engage in real estate brokerage and management activities. ALTA members' primary business functions are the underwriting and issuance of title insurance. We also perform real estate settlements, or closings.

The Board has proposed allowing banks to engage in real estate brokerage and management activities on the grounds that these activities can be deemed "financial in nature or incidental to a financial activity." We are concerned that by granting approval on those grounds the Board is bootstrapping and sanctioning an expansion of activity that Congress clearly did not consider or intend when enacting the Gramm-Leach Bliley Act.

However, our comments focus primarily on issues related to the potential market concentration that may result by allowing financial holding companies to engage in real estate brokerage and management. Typically, a significant portion of our business is referred by either lenders or Realtors, depending on factors such as whether the real estate market is a sale or refinance market, and local market variations. We believe that the current competitive balance which exists between banks and real estate brokerage firms serves to keep consumer prices for real estate services down.

In addition, the powers granted to financial holding companies to engage in new activities were significantly, and explicitly, expanded in the Gramm-Leach-Bliley Act. The real estate industry, and the title insurance industry in particular, is still adjusting to the changes in the marketplace that are the result of the legislation. As mentioned in the Boards' proposed rule, some state chartered banks and thrift service corporation subsidiaries already have authority to engage in these activities. We consequently suggest that the Board delay granting additional authority to financial holding companies until the real estate and insurance markets have adjusted to the

1828 L Street, NW — Suite 705 — Washington, DC 20036-5104 — 202-296-3671 — 800-787-ALTA E-mail: service@alta.org — Fax: 888-FAX-ALTA — Local Fax: 202-223-5843 explicit changes directed under the Gramm-Leach Bliley Act, and the Board can determine how those changes have affected delivery and price of services to consumers.

We appreciate the opportunity to comment. Please feel free to contact me if you have any questions or concerns. I can be reached on (202) 296-3671, ext 214, or ann_vomeigen@alta.org.

Sincerely,

Ann vom Eigen Legislative and Regulatory Counsel

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