

NATIONAL ASSOCIATION OF REALTORS®

EYE ON THE HILL

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SMALL BUSINESS HEALTH INSURANCE: A WORK IN PROGRESS

A GIANT STEP FOR REALTORS®

On March 8, 2006, the Senate Health, Education, Labor and Pensions (HELP) Committee began formal consideration of legislation designed to permit NAR and similar trade associations to offer health insurance to their members. The bill, S. 1955, is a companion (but not identical) to the Small Business Health Plan (SBHP – also known as Association Health Plan) bill that has passed the House several times. ***This Committee consideration is the first time that any formal Senate debate has occurred on this issue in a decade.***

It's impossible to emphasize enough what a triumph this Committee action is for NAR and our members. HELP Committee Chairman Enzi (R-WY) brought numerous competing interests to the table so that NAR and the small business members of its coalition, the health insurance companies and state insurance commissioners could articulate and resolve their differences. The result is a bill that will enable membership organizations like NAR to negotiate competitive health insurance products that would be available to small businesses and self-employed persons.

The HELP Committee is expected to finish its consideration of the bill March 15. All of the amendments considered so far in the deliberations have failed. Timing for full Senate consideration and House-Senate conference is not yet known.

Once again, REALTORS® were aggressive in telling HELP Committee members just how important health insurance is to them. More than 18,000 letters were sent to Committee members, and REALTOR® Federal Political Coordinators from all but two states represented on the Committee came to Washington to drive home to Senators our commitment to securing enactment of this legislation.

HOW FAR CAN BANKS GO? NAR CONTINUES TO EMPHASIZE SAFETY AND SOUNDNESS FOR OUR FINANCIAL SYSTEM

Someone is on our side: How does this sound?

In some states, direct investments in real estate, equity securities, service corporations and operating subsidiaries were allowed with virtually no limitations. [XX] invested in everything from casinos to fast-food franchises, ski resorts and windmill farms....[W]hile windmill farms and other exotic investments made for interesting reading, high-risk development loans and the resultant mortgages on the same properties were most likely the principal cause for [XX's] failures.

In the quote above, "XX" isn't intended to hide the identity of any particular bank but rather to obscure the fact that the statement was made nearly 10 years ago. In 1997, the Federal Deposit Insurance Corporation (FDIC) issued an exhaustive study of the savings and loan (S&L) collapse in order to lay out lessons learned. (The FDIC is the primary government-sponsored guarantor and underwriter of accounts in national banks. The FDIC's \$100,000 per account insurance protects consumers in the rare event of bank failure.) The FDIC's conclusion in the quote above is that the S&L market failure of the 1980's occurred because too many financial institutions were participating as both lenders and stakeholders in "windmill farms and exotic investments."

NAR and REALTORS® have had great success over the past month driving the point home to members of Congress and the House and Senate banking committees that the Comptroller of the Currency (OCC) made a grave error in approving the applications of three national banks to develop hotels and residential condos and to invest in windmill farms. Over the course of the past month, the following have occurred:

- REALTORS® have sent a record 220,000-plus letters to the House and Senate to inform them of the OCC's approval of these projects and to express outrage that the safety and soundness of our banking system are being compromised by permitting banks to engage in these commercial activities.
- Many members of the House of Representatives have written their own letters to the OCC expressing concern that Congress, not the OCC, should determine the proper standards for separating banking and commerce.
- Two members of the House Financial Services Committee, Ginny Brown-Waite (R-FL) and Paul Kanjorski (D-PA), are circulating a bipartisan sign-on letter to all House members in anticipation of a large number of House members expressing their shared concerns about this apparent expansion of "bank powers." NAR is pressing members of Congress to sign on to this letter.

- REALTOR® President Tom Stevens has met with John Dugan, the Comptroller of the Currency, to explore whether the OCC has adequate authority to expand allowable banking activities to new arenas. Dugan issued a press release defending the agency. Senior Treasury officials concurred. NAR begs to differ.
- The Senate Banking Committee has directed the OCC to provide it with the documents related to the hotel, residential condos and windmill farm projects. The Committee will review those documents, along with a fourth request (withdrawn before OCC approval) that had requested that this fourth national bank be permitted to own the stream of royalty income from oil and gas reserves.
- In Congress, only Financial Services Chairman Mike Oxley (R-OH) has sided with the banks and the OCC.

It's a dramatic achievement to drive an issue from obscurity into the spotlight in just a matter of weeks. Rapid and intense REALTOR® response made it possible. NAR will continue to push for Congressional oversight on the questions of OCC powers and the distinctions between banking and commerce.