

April 30, 2001

Honorable Paul O'Neill, Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Honorable Alan Greenspan, Chairman
Board of Governors of the Federal Reserve System
20th St. & Constitution Ave., N.W.
Washington, DC 20551

Re: Proposed Determination that Real Estate Brokerage
Real Estate Management Services are financial in Nature
66 Federal Register 307, January 3, 2001

Dear Secretary O'Neill and Chairman Greenspan:

The American Bankers Association ("ABA") appreciates the opportunity to comment on the proposed determination of the Secretary of the Treasury ("Secretary") and the Federal Reserve Board ("Board") that real estate brokerage and real estate management are activities that are financial in nature under section 103(a) of the Gramm-Leach-Bliley Act ("GLBA"). The ABA brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership -- which includes community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks -- makes ABA the largest banking trade association in the country.

This proposal would authorize financial holding companies ("FHCs") and financial subsidiaries to provide real estate brokerage and real estate management services. ABA petitioned the Secretary and the Board to take this action and strongly urges the agencies to adopt the proposal, thus permitting banking organizations to provide the same array of services in the homebuying process that currently are provided by integrated real estate firms.

I. Summary Recommendation

As discussed more fully below, ABA believes that (1) consumers will benefit from increased competition in the real estate market, (2) these agency activities pose no new safety and soundness risks for banking organizations, and (3) these proposed activities are clearly authorized under Section 103(a) of GLBA.

Consumers benefit from competition. For consumers, more competition means innovation, more choices, more efficient services at lower prices and greater convenience. The process of buying a home—for most people, the largest investment they will make—is very often daunting, complex and not well understood. By providing end-to-end homebuying services, *just as integrated real estate firms now do*, banks can make that process more understandable for consumers. In addition, existing consumer protections will not only remain *undiminished*, they will actually *increase* for consumers dealing with bank-affiliated real estate brokers.

No new safety and soundness risks. Real estate brokerage and management activities pose no new safety and soundness risks for banking organizations because these agency activities do not put the banks' funds at risk. Moreover, banks already have a great deal of experience with real estate brokerage and management services. More than half of the states authorize commercial banks to provide these services, and federally chartered savings associations and credit unions have long done so without disruptions to the market. In addition, because banks currently have trust personnel who arrange for real estate brokerage and provide management services on a daily basis to trust customers, providing the service outside of the trust department would not be a new activity in which banks lack expertise. Thus, no new safety and soundness issues would be raised.

Real estate brokerage and management are “financial transactions.” Real estate brokerage and management services fall squarely within the “effecting and facilitating financial transactions” language of Section 103(a) of GLBA. The statutory factors the agencies must consider when making determinations that activities are financial in nature clearly support such a determination. Indeed, real estate brokerage and management are just the types of activities—natural extensions of existing products and services to maintain competitiveness in an evolving marketplace—that Congress envisioned when it crafted the new “financial in nature” standard in GLBA to enable banks to compete not only in the foreseeable future, but also to remain competitive no matter how the market for financial services evolves over time.

A fundamental goal of GLBA was to eliminate the inability of banking organizations to compete with other financial organizations that have more freedom to adjust to the marketplace. This proposal presents the first opportunity to test the achievability of this legislative solution. Integrated real estate organizations have and will continue to consolidate their various real estate services to provide consumers with one-stop shopping for homes. Adopting this proposal will merely permit banking organizations to do the same.

II. Background

On July 25, 2000, ABA petitioned the Secretary and the Board for a determination that real estate brokerage and real estate management are activities that are financial in nature under section 103(a) of GLBA. That letter is herewith incorporated by reference. As required by the Board's rule establishing the process for seeking such determinations,[\[1\]](#) ABA defined these activities and explained why they should be considered financial in nature. Subsequently, the agencies issued this proposal in response to that petition.

GLBA was enacted to enhance competition among financial services providers and, importantly, to eliminate the inability of banking organizations to compete with other financial organizations that have more freedom to adjust to the marketplace. In the years immediately preceding its passage, Congress recognized that the statutory standard for regulatory approval of new activities for bank holding companies—the “closely related to banking” standard—was woefully inadequate in an economy transformed by technological progress and marketplace developments. Mindful of the essential need for flexibility, Congress crafted a new, broader standard—“financial in nature or incidental to a financial activity”—for authorizing additional activities for banking organizations that are well capitalized and well managed.

Section 103(a) of GLBA enumerates certain activities that are considered to be "financial in nature" under the statute. Included among those activities are traditional banking functions, activities that the Board has previously determined to be "closely related to banking" or permissible for bank holding companies to engage in abroad, securities and insurance activities, and merchant banking activities. In addition, Section 103(a) further enumerates three broad categories of activities and requires the Board, subject to consultation with the Secretary, to define the activities and determine the extent to which they are "financial in nature or incidental to a financial activity." Those activities are:

- Lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities;
 - Providing any device or other instrumentality for transferring money or other financial assets; and
 - Arranging, effecting, or facilitating financial transactions for the account of third parties.
- [\[2\]](#)

Moreover, Congress further ensured that the new standard would remain relevant and robust into the future by requiring the agencies to consider the following factors when assessing new activities:

- the purposes of GLBA and the Bank Holding Company Act;
- changes or reasonably expected changes in the marketplace in which financial holding companies compete;
- changes or reasonably expected changes in the technology for delivering financial services; and
- whether such activity is necessary or appropriate to allow a financial holding company and the affiliates of a financial holding company to: (i) *compete effectively with any company seeking to provide financial services in the U.S.*

(ii) efficiently deliver information and services that are financial in nature through the use of technological means, including any application necessary to protect the security or efficacy of systems for the transmission of data or financial transactions; and

(iii) offer customers any available or emerging technological

means for using financial services or for the document

imaging of data.^[3] [Emphasis added.]

Although structured as a collection of factors, there is no evidence that Congress intended that all elements of the collection be present in order for the agencies to authorize new activities. Rather the several factors ensure that the scope of the agencies' reviews remains a broad one.

Before GLBA was enacted, in assessing activities under the “closely related to banking” standard, the Board was directed only to consider whether banks engaged in the activity, not whether other financial services providers did so. The new standard is a significant expansion of the Board’s capacity to consider the competitive realities of the U.S. financial marketplace when determining the permissibility of activities for FHCs and financial subsidiaries.

III. Real Estate Brokerage Activities

A. Consumers Will Benefit from Increased Competition in Real Estate Markets

For consumers, more competition means innovation, more choices, more efficient services at lower prices and greater convenience. The process of buying a home—for most people, the largest investment they will make—is very often daunting, complex and not well understood. Consumers increasingly view homebuying as a single process—from seeking assistance from a real estate agent or broker, getting an appraisal, obtaining a mortgage, private mortgage insurance if necessary, and property insurance, to signing the final documents at settlement. Indeed, the real estate brokerage industry attempts to make that seamless service their competitive advantage by not only helping to locate a home for homebuyers, but also arranging to provide each of the many services needed through settlement. By providing end-to-end homebuying services, just as integrated real estate firms now do, banks can make that process more understandable and convenient for consumers.

For community banks, in particular, providing the explicit authority to act as a real estate broker would significantly benefit bank customers and their communities as well as the bank itself. Many rural communities lack real estate agents or are served only by branches of brokers in other cities because there is insufficient business to warrant a local brokerage office. In such small communities, the bank is perceived as the place that will have the greatest amount of information on what properties are for sale, including farmland acreage in agricultural communities.

Consumer protections are maintained and strengthened. ABA believes that any potential adverse effects on consumers are entirely mitigated by existing laws and regulations. Real estate brokers affiliated with banks would have to be licensed by the state(s) and comply with all of the qualification, sales practices and continuing education requirements—exactly the same as unaffiliated real estate brokers.

The National Association of Realtors (“NAR”) has raised the specter of customers being taken advantage of as a result of conflicts of interest that may potentially arise when a real estate

broker is affiliated with a lender. *The simple fact is that the exact same potential for such abuse occurs, for example, each time an agent from an integrated real estate firm helps a customer buy or sell a home.* And yet, although these integrated real estate organizations, as well as state banks in 26 states,^[4] savings associations and credit unions have been selling real estate and funding mortgages for years, there has been no evidence of abuse from such conflicts of interest.^[5]

The Real Estate Settlement Procedures Act (“RESPA”)^[6] requires real estate brokers affiliated with lenders to disclose that fact to customers before the purchase occurs. The RESPA disclosure,^[7] which must be on a separate piece of paper, must state the relationship between the real estate agent and the lender and provide the estimated charges or range of charges of the lender. It must also notify the customer that he or she is *not* required to use the lender and is free to shop around for a better deal. If the real estate agent requires the use of its affiliated lender, that agent violates the kickback and unearned fee provisions of Section 8 of RESPA. Finally, the customer is expected to sign an acknowledgment of the disclosure.

Indeed, ABA believes that consumer protections are even *greater* when bank-affiliated real estate brokers are involved. This is because the antitying provisions of the Bank Holding Company Act^[8] apply to bank affiliates and subsidiaries—but not to unaffiliated real estate brokers. These rules would prohibit extending credit, furnishing services, or varying the consideration for any loan or service on condition that the customer obtain real estate brokerage services from an affiliate.

B. Real Estate Brokerage Does Not Pose New Safety and Soundness Risks

The proposal would authorize FHCs and financial subsidiaries to provide real estate brokerage services only in an agency capacity. Accordingly, there would be no principal risk in connection with brokerage transactions; nor would there be the liquidity risk or market risk associated with real estate investment and development.

In addition, because banks currently have trust personnel who arrange for real estate brokerage and provide management services on a daily basis to trust customers, providing the service outside of the trust department would not be a new activity in which banks lack expertise. Moreover, banks have a great deal of operational and legal expertise in connection with other agency activities such as insurance brokerage which will transfer readily to real estate brokerage. Thus, no new safety and soundness issues would be raised.

With respect to concerns that banks might compete unfairly by subsidizing or otherwise supporting their real estate affiliates with bank resources, Sections 23A and 23B of the Federal Reserve Act limit the amount of credit and other forms of support that banks could provide to real estate brokerage affiliates.^[9] Section 23B additionally requires that mortgage loans to customers of an affiliated real estate broker be on market terms.

Finally, real estate brokerage and management offers banks the opportunity to diversify their income sources. As a result, banks will be in a better position to withstand swings in sectors of the economy.

C. Real Estate Brokerage Is Financial

ABA believes that real estate brokerage activities fall squarely within the plain language of GLBA Section 103(a): "arranging, . . . or facilitating financial transactions for the account of third parties."^[10] Nonetheless, the agencies have expressed concern that real estate brokerage activities may not be a "financial transaction" sufficient to satisfy the above criteria.

The extent to which an activity must be "financial in nature" in order to satisfy the statutory criteria is for the agencies to determine on a case-by-case basis. In reaching those decisions, ABA respectfully suggests that the agencies may wish to consider the following standards.

Comparable regulatory authority. One potential standard is the treatment afforded an activity by other federal and state bank and thrift regulators. In our dual banking system, states are generally considered to be the arena in which new products and services are tested. In the case of real estate brokerage, 26 states have authorized their financial institutions to provide such services. In one instance, this authority has existed for 100 years. In addition, credit unions and federally chartered savings associations have long been authorized to conduct these activities. *By this measure, real estate brokerage has become a part of the business of banking and is clearly a financial transaction.*

Extension of existing activities. Real estate brokerage is a natural extension of bank participation in the homebuying process. Banks have been part of virtually every aspect of the real estate market providing financing, property appraisals, settlement services, escrow services, and since the passage of GLBA, all types of insurance related to real estate (including title insurance, private mortgage insurance and casualty insurance). In all of this lengthy, broad-based experience, the single exception has been the initial phase of the transaction—brokerage. As consumers increasingly view buying a home as a single process and competitors increasingly integrate all of their real estate services into a single point of contact, it is only natural that banks should be able to follow the market and provide the same services that banks' competitors already provide.

Banking organizations currently engage in a variety of activities that are functionally and operationally similar to real estate brokerage. Banks have provided their customers with various agency transactional services, including securities brokerage services, private placement services, futures commission merchant services, and insurance services. This experience will transfer readily into the real estate brokerage context.

User/societal perceptions. An additional standard by which to measure financial transactions may be how the users and society at large perceive the product or activity. For most individuals and families, purchasing a home is undoubtedly their single largest, most complex and most important financial transaction. As a result, that purchase remains inextricably intertwined with the state of the purchaser's finances and his or her standard of living for as long as he or she owns the home. For most people, a home also serves as a means of wealth creation through increases in value and by providing real economic benefits through tax advantages. Because of the impact of this single transaction on their long-term finances, ABA believes that the vast majority of homeowners clearly believe that buying a home is a financial transaction.

As part of a home purchase transaction, the buyer generally must provide a significant downpayment on the property and make a long-term commitment of his/her financial resources to repay the mortgage loan. These downpayments and principal payments are identical to investments in other financial products. Basically they are financial investments in an asset, just the same as an investment in stock or an annuity. The underlying asset fluctuates in value in all three cases. According to an April 1999 article in *Current Issues in Economics and Finance* published by the Federal Reserve Bank of New York, “. . . a large majority of households own real estate, which represents roughly two-thirds of their overall assets. The importance of housing varies over the life cycle of the individual, but real estate remains the cornerstone of most household asset portfolios.”[\[11\]](#)

Indeed, our society recognizes the importance of home ownership and its impact on financial well being through housing, consumer protection and tax laws. Government programs abound to provide incentives and support for home ownership. In addition, there are myriad statutes and regulations providing protections for consumers and requiring comprehensive disclosures about the homebuying process.

Moreover, U.S. tax laws favor home ownership through the mortgage interest deduction. In fact, a primary reason that many young people with moderate and high incomes purchase homes is “to avoid getting killed on taxes.”

In addition, real estate serves as the underpinning for hundreds of billions of dollars in securities due to the securitization of home mortgages and other real estate loans not only for the private sector banking industry, but also for numerous government-sponsored entities, such as secondary market giants Fannie Mae and Freddie Mac.[\[12\]](#)

NAR has asserted that the agencies are without authority to authorize real estate brokerage as a permissible activity for FHCs and financial subsidiaries because (1) it is not expressly included in the list of activities deemed to be “financial” activities under GLBA and (2) the statute prohibits real estate investment and development activities for financial subsidiaries of national banks. These arguments are entirely without merit. Although real estate brokerage is not expressly listed as a financial activity, Congress provided the agencies with ample authority to make a determination that real estate brokerage is financial in nature. With respect to the prohibition on real estate investment and development, NAR’s argument merely serves to demonstrate that Congress knew well how to adopt express prohibitions when it chose to do so. Therefore, the lack of a prohibition on real estate brokerage services implies that Congress intended to leave that determination to the agencies’ discretion.

NAR has also asserted that real estate brokerage and management are commercial activities. The very fact that 26 states have authorized their commercial banks to act as real estate brokers demonstrates the fallacy of this argument. NAR has asserted that if the agencies authorize this activity, the same rationale would permit banks to sell cars or furniture. NAR fails to recognize a crucial difference. Retailers sell a product that they themselves own—in the capacity of principal. By contrast, real estate brokers negotiate the sale or lease of a property owned by Party A to Party B—in the capacity of agent. As noted above, this agency activity is functionally no different than securities brokerage and is but one small step removed from acting as a finder.

Competitive considerations. One of the statutory factors Congress required the agencies to consider when determining whether an activity is financial in nature is “whether such activity is *necessary or appropriate* to allow a financial holding company and the affiliates of a financial holding company to: (i) compete effectively with any company seeking to provide financial services in the U.S. . . .”^[13] ABA’s petition provided clear evidence that many companies are positioning themselves to provide a complete range of financial services including taking deposits, making mortgage loans and providing real estate brokerage services of all types and to exploit the advantage and convenience of one-stop shopping. If banks are not permitted to compete on the same terms as these integrated firms, the banking industry will be excluded from the key point of contact with consumers—their decision to buy or sell a home. ***For these reasons, ABA believes it is both necessary and appropriate for the Secretary and the Board to approve real estate brokerage and management as permissible activities for FHCs and financial subsidiaries.***

The agencies have asked for information on the extent to which real estate firms are providing both brokerage and lending services. As noted above, ABA’s petition referenced a number of nationwide companies that offer such services. In addition, ABA has become aware of additional regional real estate companies that have similarly taken advantage of the benefits of combining their homebuying services.

Howard Hanna Real Estate Services—the largest real estate company in Pennsylvania, Ohio and West Virginia—advertises the following: “We can handle every aspect of any real estate transaction from appraisal to closing ‘IN-HOUSE’.” Through Howard Hanna Financial Services—the largest independent mortgage bank in western Pennsylvania—they are easily able to combine all real estate services with mortgage financing. In fact, Howard Hanna has recently established a program known as “Partnering for Profitability” to provide smaller real estate companies with mortgage processing services, underwriting, closing and secondary market activities, as well as various loan products. A copy of their web site home page is attached.

Crye-Leike Realtors is the largest real estate firm in Tennessee and the Midsouth, with offices throughout Tennessee, northern Mississippi, southern Kentucky, northern Georgia and Arkansas. It provides a “full range of real estate services . . .” Crye-Leike initially owned First Trust Mortgage, a small mortgage lender. However, in 1999, the two founding partners, Harold Crye and Dick Leike, were part of the group that established First Trust Bank for Savings, a federally chartered savings association in Memphis, Tennessee. The Crye-Leike mortgage subsidiary is now a division of the bank. Crye and Leike are two of the bank’s largest shareholders and serve on the board of directors. A copy of their web site home page is attached.

The DeWolfe Companies (also known as DeWolfe New England) an integrated real estate firm, is the largest home ownership company in New England. The company slogan, launched in 1997 is “*One stop and you’re home.*” Their web site states, “We are committed to simplifying the homeownership process: DeWolfe offers an integrated menu of services, which provides everything essential to buy or sell your home - all under one roof. It includes buying and selling services, mortgages, insurance, relocation and moving management, as well as a number of expanding e-services. By reinventing homeownership, we provide the essential services needed to buy or sell a home - all in one place.” DeWolfe offers mortgages through DeWolfe Mortgage

Services, Inc., insurance through DeWolfe Insurance Agency, and relocation services through DeWolfe Relocation and Corporate Services. A copy of their web site home page is attached.

As more and more smaller real estate companies begin to integrate brokerage and lending services, it becomes all the more important that banks—particularly community banks—have the same opportunities as their competitors to develop and build customer relationships from the ground up, *i.e.*, when the consumer begins shopping for a home.

D. Relocation Services

The agencies have requested comment on the extent to which employee relocation services are appropriately included in real estate brokerage activities. ABA agrees that certain aspects of such services are encompassed within brokerage activities, specifically, selling employees' existing homes and buying new ones and providing mortgage loans. ABA further believes that relocation services guaranteeing the sale of an existing home are common.

Accordingly, ABA believes it would be appropriate to include this type of relocation service as incidental to real estate brokerage, subject to prudential limitations to recommended in the preamble to the proposal. Specifically, in connection with *bona fide* employee relocation services, a real estate broker may purchase a home subject to a guarantee so long as (1) it is sold within a reasonable time given the existing market; and (2) the total holdings of unsold real estate do not exceed a threshold that is consistent with the price of homes in the real estate broker's market. ABA would be pleased to work with agency staff to determine the appropriate limitations.

ABA believes it would also be appropriate in conjunction with such relocation services to arrange to provide assistance to transferred employees to move their household goods and assist their spouses in finding employment.

IV. Real Estate Management

A. Consumers Will Benefit from Increased Competition in Real Estate Markets

The same competitive forces that will bring innovation, more choices, more efficient services at lower prices and greater convenience to the real estate brokerage market will operate in the same manner with respect to real estate management services. And, the same laws that would serve to mitigate potential adverse effects in the context of real estate brokerage, would similarly mitigate potential adverse effects arising from real estate management activities.

Accordingly, ABA believes no special restrictions are warranted.

B. Real Estate Management Does Not Pose New Safety and Soundness Risks

As is the case with real estate brokerage, real estate management involves banks only in an agency activity. Little, if any, capital of the bank is at risk. The proposal would ensure that FHCs and financial subsidiaries take no principal risk in connection with property they

manage. The activities involved in managing real estate properties—collecting rental payments, maintaining security deposits, paying taxes and insurance, ensuring that the property is maintained, and providing periodic accountings—differ little from routine bank activities such as collecting loan payments, disbursing escrow payments and performing the related accountings.

In addition, many banks have significant experience managing real estate assets—their own property, property acquired as a result of foreclosure, or property held in trust accounts. [\[14\]](#) Accordingly, additional safety and soundness issues should not result from providing real estate management services.

C. Real Estate Management Is Financial

ABA generally supports the agencies' proposed definition of real estate management services as including without limitation day-to-day management of real estate assets on behalf of third parties, procuring tenants, billing and collecting rent payments, providing periodic accounting for such payments, making principal, interest, insurance, tax and utilities payments if required, and generally overseeing maintenance and upkeep of the property. Given this definition, it cannot be questioned that real estate management services fall squarely within the category of “facilitating financial transactions for the account of third parties.”[\[15\]](#)

ABA requested that the definition of real estate management services also subsume any activities that state laws define as real estate management. This request was intended to avoid disputes that may arise if a certain real estate management service not included in the agencies' definition was treated as such under state law. Because the functional regulation of real estate brokers and real estate managers is exclusively a matter of state law, the potential for conflicts in the scope of activities is real. This is particularly the case because many states encompass real estate management within the scope of permitted real estate *brokerage* activities.

ABA envisioned that this provision would operate in a manner similar to the trust regulations of the Office of the Comptroller of the Currency which authorize banks to engage in certain fiduciary activities as defined under state law. Doing so would enable banking organizations to continue to compete on a level playing field with other firms offering real estate management services without the need to come back to the agencies for new determinations that particular activities authorized under state law are permissible for FHCs and financial subsidiaries.

The same rationale that justifies treatment of real estate brokerage as “financial in nature” also justifies that categorization with respect to real estate management services. And the competitive considerations are also the same. ABA's petition provided ample evidence that integrated financial services firms offer real estate management services as part of a package of broader financial services including insurance, banking and real estate brokerage services.

Finally, the ABA has no objection to the proposed prohibition on FHCs and financial subsidiaries themselves providing property maintenance and repairs. ABA believes that the requirement that such services be contracted out to a third party generally is appropriate. However, we urge the agencies to incorporate an element of reasonableness into any such

restriction so that resident managers would not be precluded from simple tasks, such as changing a light bulb in a hallway.

Conclusion

As demonstrated above, the provision of real estate brokerage and real estate management services clearly are activities that involve “arranging, effecting, or facilitating financial transactions for the account of third parties.”

Congress recognized that the banking industry faces relentless competition from many other diversified financial services firms. Many of these competitors include within their core financial services, the provision of real estate brokerage or real estate management services. That competition will only increase as the financial services industry continues to evolve, and consolidation and technological innovation continue apace. It is imperative that banking organizations be able to provide a full array of real estate brokerage and management services *now* to remain competitive.

For all of these reasons, ABA urges the Federal Reserve Board and the Secretary of the Treasury to adopt their proposed determination that real estate brokerage and real estate management are services that are financial in nature under Section 103(a) of GLBA.

If you have any questions concerning any points raised in this letter, please do not hesitate to contact the undersigned or James D. McLaughlin at 202-663-5324.

Sincerely,
Edward L. Yingling

Attachments

[1] 12 C.F.R. § 225.88.

[2] GLBA section 103(a), new Bank Holding Company Act ("BHCA") section 4(k)(5)(b).

[3] GLBA section 103(a), new BHCA section 4(k)(3).

[4] Attached is a listing prepared by the Conference of State Bank Supervisors of the 26 states that authorize state banks to provide real estate brokerage services and the relevant authority.

[5] The Conference of State Bank Supervisors reports that the states that have permitted their state banks to conduct such activities have not encountered patterns of consumer abuse.

[6] 12 U.S.C. § 2601 *et seq.*

[7] The requirement for affiliated business disclosures is part of the regulations of the Department of Housing and Urban Development that implement RESPA. 24 C.F.R. § 3500.15.

[8] 12 U.S.C. § 1972(1)(B).

[9] 12 U.S.C. § 371c and 371c-1.

[10] GLBA section 103(a), new BHCA section 4(k)(5)(b)(iii).

[11] Tracy, Joseph; Schneider, Henry; Chan, Sewin, *Are Stocks Overtaking Real Estate in Household Portfolios*, Vol. 5, No. 5, Current Issues in Economics & Finance 1-6, Federal Reserve Bank of New York 1999.

[12] According to their 1999 balance sheets, Fannie Mae and Freddie Mac alone have combined mortgage portfolios of approximately \$847 billion.

[13] GLBA § 103(a), new BHCA § 4(k)(3)(D)(i).

[14] OCC Interpretive Letter 355, [1985-1987 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 85,525.

[15] GLBA section 103(a), new BHCA section 4(k)(5)(b)(iii).