

## FINANCIAL DEREGULATION

The NATIONAL ASSOCIATION OF REALTORS® opposes the authority of all financial entities to engage in real estate activities unless such activities are conducted through an affiliate/subsidiary and subject to the following safeguards to protect the safety and soundness of our banking system and ensure fair competition:

1. CAPITAL INVESTMENT: No insured bank or bank holding company with a real estate affiliate can invest, in the aggregate, in the capital stock, obligations or other extensions of credit, or the securities of all affiliates in excess of five (5) percent of the primary capital.
2. EXTENSION OF CREDIT: Generally speaking, this provision has the effect of prohibiting an insured institution from making loans, including mortgage financing, to its real estate affiliate. Moreover, the terms of the credit extended to the real estate affiliate engaged in real estate investment has to be made on the same terms as those prevailing at the time for comparable transactions not with the affiliate and cannot exceed 20% of the bank's capital.
3. PROVISIONS OF SERVICES: An insured bank or an affiliate is prohibited from providing any real estate services to its real estate affiliate and vice versa.
4. PURCHASE OR SALE OF ASSETS: No insured bank or an affiliate shall purchase or lease real property or other assets to any real estate affiliate.
5. RECIPROCAL ARRANGEMENTS: No insured bank or affiliate shall make any reciprocal arrangement with any other insured bank or affiliate involving real estate activities.
6. NONPUBLIC INFORMATION: An insured institution is prohibited from sharing confidential information, such as a customer's credit worthiness information, with or among its affiliates and vice versa.
7. TYING ARRANGEMENTS: An insured institution, affiliate, including a real estate affiliate, is prohibited from extending credit, or providing any services contingent upon the provision of service or product by an affiliated company.
8. INTERLOCKS: No officer, director, or employee of a real estate affiliate shall serve at the same time as an officer, director or employee of any affiliated insured bank or affiliate. However, with prior approval by the appropriate federal banking agency a person may serve as a director of an affiliate of an insured bank.
9. JOINT AND CROSS MARKETING: An insured bank and its affiliate is prohibited from offering or marketing the products or services of any real estate affiliate. Moreover, there can be no joint marketing or advertising with a real estate affiliate and no statement, written or oral, that states or implies the existence of any advantage because of the affiliation.

10. FUNDING OBLIGORS: An insured institution is prohibited from extending credit to debtors of its real estate affiliate.

11. IDENTIFICATION: An insured bank or an affiliate cannot have:

- o A name or graphic in common with an affiliate;
- o Common use of office or other business premises with a real estate affiliate;
- o Common corporate or financial records;
- o Reference any real estate affiliate in advertising;
- o Provide any service to or receive any services from the real estate affiliate on terms that are not substantially the same as those prevailing at the time for corporate transactions with unaffiliated persons.