



Department of Justice

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JUSTICE DEPARTMENT URGES OKLAHOMA STATE LEGISLATURE TO CONTINUE TO ALLOW CHOICE IN REAL ESTATE SERVICES

WASHINGTON, D.C. - The Department of Justice issued a letter today urging the Oklahoma state legislature to reject proposed legislation that would change current state law to eliminate the ability of Oklahoma real estate professionals to offer a selection of real estate services, sometimes called fee-for-service or menu pricing. The Department expressed concern that the proposed legislation would cause Oklahoma consumers to pay more for real estate services and would limit consumer choice by eliminating an entire class of real estate service providers.

In the past, real estate brokers have bundled their services into a single package and consumers have been charged a single price, usually a commission based on a percentage of the sales price of the property. To meet evolving needs of consumers and changing market forces, some real estate professionals offer consumers a menu of real estate services, and clients can choose to purchase only those services that meet their needs. The bill would likely harm competition in two ways. First, consumers who do not want or need all of the services traditionally provided in a package nevertheless would have to pay for all of them, which may cost them thousands more to buy or sell a home. Second, without competition from fee-for-service options, the prices for traditional, full-service packages are likely to increase.

“Competition in marketplaces across the country has demonstrated that many consumers save money by using only selected services from their real estate brokers. The proposed

legislation would deprive Oklahoma citizens of the benefits of competition, such as lower prices and customized service levels, provided by fee-for-service brokers,” said R. Hewitt Pate, Assistant Attorney General for the Department of Justice’s Antitrust Division. The letter points to the lack of any evidence that providing a greater selection of real estate services has caused any consumer harm, much less harm that could justify such a broad prohibition on competition.

The proposed legislation being considered is Senate Bill 673, on which the Oklahoma state legislature is expected to vote on Monday, April 11, 2005. The proposed legislation amends the Oklahoma Real Estate License Code, 59 O.S. 2001 §§ 858-351-4.

A copy of the letter sent to the Oklahoma state legislature is available from the Department of Justice website at <http://www.usdoj.gov/atr>. For more information about the letter contact John R. Read, Chief of Litigation III Section, at 202-307-0468. Paper copies of the letter are also available from the Justice Department’s Antitrust Documents Group, which can be contacted by telephone: 202-514-2481, fax: 202-514-3763, or e-mail: atrdocs.grp@usdoj.gov <<mailto:atrdocs.grp@usdoj.gov>>.

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