



Department of Justice

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THE JUSTICE DEPARTMENT AND THE FEDERAL TRADE COMMISSION
URGE THE ALABAMA STATE SENATE TO CONTINUE TO ALLOW
CONSUMER CHOICE IN REAL ESTATE BROKERAGE SERVICES

Proposed Legislation Would Reduce Choice and Likely Cause Alabama Consumers to Pay More for Real Estate Services

WASHINGTON, D.C. – The Department of Justice and the Federal Trade Commission (FTC) issued a joint letter today urging the Alabama State Senate to reject House Bill 156, because it would change current law to restrict the ability of Alabama real estate professionals to offer customized real estate services. The agencies expressed concern that the passage of the bill would reduce consumer choice and likely cause Alabama consumers to pay more for real estate services.

Currently, Alabama home sellers can choose between a traditional, full-service package of real estate brokerage services and a fee-for-service option that allows home sellers to purchase individual services from an *a la carte* menu. If House Bill 156 is enacted, however, real estate professionals who agree to list home owners' property for sale would be forced to provide a state-mandated minimum service package that includes many duties associated with negotiating a property sales contract. Alabama consumers would be adversely affected by this proposed change of law because they would be forced to purchase additional services that they may not want or need.

“Consumers who have fee-for-service brokerage options can save thousands of dollars on a single home sale,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department

of Justice's Antitrust Division. "This proposed change in the law should be rejected because it deprives Alabama consumers of the benefits of lower prices and more choices."

The joint Department of Justice and FTC letter to the Alabama Senate said that the bill would likely harm competition in two ways. First, consumers who want to hire a broker to list their property on the multiple listing service will have to purchase additional services that they may not want or need, which will likely cost more. Second, without competition from fee-for-service brokers, the prices for traditional, full-service options will likely increase.

"The Commission urges the Alabama Senate to reject House Bill 156, which would restrict the ability of fee-for-service real estate brokers to respond to the demands of Alabama consumers," said FTC Chairman Deborah Platt Majoras. "The bill would decrease options for Alabama's consumers and likely increase real estate service prices."

The Alabama Senate is considering whether to pass House Bill 156 on May 16, 2005, or sometime shortly thereafter. If passed, the bill would become effective on the first day of the third month following its passage and approval by the Governor of Alabama.

A copy of the letter sent to the Alabama Senate is available from the Department of Justice and the Federal Trade Commission. The Department of Justice's Antitrust Division website is <http://www.usdoj.gov/atr>; the Federal Trade Commission's website is <http://www.ftc.gov>. For more information on the letter at the Department of Justice, contact John R. Read, Chief of Litigation III section, at 202-307-0468. For more information on the letter at the Federal Trade Commission, contact James Cooper, Attorney Advisor in the FTC Office of Policy Planning, at 202-326-3367. Paper copies of the letter are also available from the

Justice Department's Antitrust Documents Group and the Federal Trade Commission's Consumer Response Center.

The Justice Department's Antitrust Documents Group can be contacted by telephone at 202-514-2481, by fax at 202-514-3763, or by e-mail at atrdoc.grp@usdoj.gov. The Federal Trade Commission's Consumer Response Center can be contacted at Room 130, 600 Pennsylvania Avenue, N.W. Washington, D.C. 20580 or toll free at 1-877-FTC-HELP.

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