



**Testimony on behalf of the
National Association of Real Estate Brokers (NAREB)**

**Regarding the Inclusion of Minority- and Women-owned Businesses in the
Financial Services Industry**

**before the
United States House of Representatives
Committee on Financial Services
Subcommittee on Housing and Community Opportunity
The Honorable Maxine Waters, Chair
Subcommittee on Oversight and Investigations
The Honorable Dennis Moore, Chair**

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Submitted by

**Vincent Wimbish
President and Chief Executive Officer**

Madam Chairwoman, Mr. Chairman, Members of the Subcommittee on Housing and Community Opportunity, and Members of the Subcommittee on Oversight and Investigations:

First, I want to take this opportunity to thank Chairwoman Waters and Chairman Moore for their leadership in convening this joint hearing on “Minorities and Women in Financial Regulatory Reform: The Need for Increasing Participation and Opportunities for Qualified Persons and Businesses.” I come before you today, as president and chief executive officer of the National Association of Real Estate Brokers, the nation’s oldest minority trade association, formed in 1947 to ensure “Democracy in Housing.”

For more than six decades, NAREB has worked not only to promote sustainable homeownership for all Americans, and African-Americans in particular, but also to ensure that business opportunities are accessible and available for our Realist members. For the record, Realist is the designation given to every NAREB member.

Realists are predominantly African American real estate professionals representing the full spectrum of the real estate industry.

It is important to note that NAREB promotes and abides by the highest standards of professional integrity. We follow a strict code of real estate industry ethics. We require professional certifications and accreditation. We advocate for public policies that protect and expand sustainable homeownership. And, in keeping with today's proceedings, NAREB works tirelessly to open and keep open the doors of economic opportunity for African-American and other multi-cultural real estate professionals.

With this as a backdrop, I want to speak with some level of detail on NAREB's support for the incorporation of the Office of Minority and Women Inclusion in H.R. 4173, the Wall Street Reform and Consumer Protection Act and the reasons we believe this provision is critical to ensuring economic opportunity for minority real estate professionals.

As you are aware, minority business development continues not to reach its full potential. Whether due to intentional legislative omissions, unintended consequences of loose legislative language, or misinterpretations of rules, regulations, guidelines or laws, minority real estate professionals have virtually been shut out of business opportunities made available through Federal government agencies. A glaring example is the bundling of contract solicitations that limit a successful response to large, highly capitalized, general market firms with a performance history of doing business with Federal agencies dealing with the financial crisis. Consequently, the solicitation requirements immediately bar minority and woman-owned businesses from participating in the bidding process.

This is particularly critical with regard to the recent legislation affecting reform of the financial services and investment industries. And while language was put forth by Chairwoman Waters to make minority inclusion a legislative imperative, every best effort was not made in the legislation's final passage and implementation. Again, much to the dismay of the minority business community, minority real estate professionals, minority financial services companies and other professionals were left outside the door without the benefit of legislatively mandated recourse.

I am also here to express concern with regard to the limited contracting opportunities with major financial institutions. Major banks, lending institutions and GSEs tend to ignore or overlook minority businesses when awarding contracts for asset and property management, appraisals, brokerage, development, and commercial leasing business opportunities. Again, these contracts are awarded to major conglomerates and real estate franchises that do not feel the need to include or extend sub-contracting, or joint venture opportunities to qualified minority businesses. And, when sub-contracting opportunities are offered, the price points are so prohibitive, that it not financially feasible to perform the work required.

NAREB commends the leadership of these two subcommittees with the sincere hope that change is in the offing. One recommendation that I would like to leave with you today is the consideration of unbundling....breaking up of the mega procurements that prohibit participation by minority businesses. We specifically recommend reducing the size by 50 percent (50%) of government services and supply contracts awarded for financial, professional and real estate services. Further, we recommend that a number of these contracts be at the one million dollar to five million dollar mark which, we believe, will significantly increase the number of minority bidders. Additionally, those contracts need to cover smaller geographical areas. By taking these measures, in addition to eliminating the current bonding requirements, minority business participation will rise.

As I conclude, I again thank you Madam Chairwoman, and Mr. Chairman for the opportunity to bring forth the concerns of minority real estate professionals. The over 60,000 African Americans in the real estate industry are counting on your support and your continued vigilance.

Thank you.