NATIONAL ASSOCIATION of REALTORS®

Maurice “Moe” Veissi
2012 President

Dale A. Stinton
Chief Executive Officer

GOVERNMENT AFFAIRS DIVISION
Jerry Giovaniello, Senior Vice President
Gary Weaver, Vice President
Joe Ventrone, Vice President
Jamie Gregory, Deputy Chief Lobbyist

500 New Jersey Ave., NW
Washington, DC 20001-2020
Ph. 202-383-1194 Fax 202-3837580
www.REALTOR.org

November 16, 2011

The Honorable Shelley Moore Capito
Chair, Subcommittee on Financial Institutions and Consumer Credit
Committee on Financial Services
United States House of Representatives
2443 Rayburn House Office Building
Washington, DC 20515

The Honorable Carolyn Maloney
Ranking Member, Subcommittee on Financial Institutions and Consumer Credit
Committee on Financial Services
United States House of Representatives
2332 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Capito and Ranking Member Maloney:

On behalf of the 1.1 million members of the National Association of REALTORS® (NAR), and its commercial affiliates: CCIM Institute, Institute of Real Estate Management, REALTORS® Land Institute, and Society of Industrial and Office REALTORS®, we would like to thank you for scheduling tomorrow’s markup of H.R. 1723, the “Common Sense Economic Recovery Act of 2011,” introduced by Representative Posey (R-FL). NAR supports passage of this bill as currently written, which will direct federal banking agencies to treat current, non-delinquent, and amortizing loans as accrual loans instead of non-accrual loans. We believe this will create more financing options when commercial real estate loans mature and allow financial institutions to play a significant role in revitalizing our nation’s economic recovery.

Nearly $1.2 trillion of commercial real estate loans with balloon mortgages will mature over the next few years, with very limited options to refinance. For commercial borrowers that are making their monthly payments, a simple term extension or workout in lieu of a refinance makes perfect sense. However, many lenders are currently not offering loan modifications due to pressure from bank regulators. Our anecdotal evidence suggests that regulators continue to encourage lenders to write down the value of performing loans and, in some instance, even call the loan if the current value of the property is less than the loan balance. This has further exacerbated the economic downturn by creating defaults in properties that were able to meet, and did meet their debt obligations.

If not addressed, the swelling wave of maturities could place further stress on our nation’s already fragile financial markets and overall economy. H.R. 1723 could be instrumental in alleviating this stress by allowing financial institutions more flexibility. NAR strongly encourages the timely passage of this legislation, which will halt the adverse re-categorization of performing commercial loans and accelerate the pace of our nation’s economic recovery.

Sincerely,

Maurice “Moe” Veissi
2012 President, National Association of REALTORS®

cc: Members, House Financial Services Subcommittee on Financial Institutions and Consumer Credit