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The Honorable Jeb Hensarling  
Chairman  
House Financial Services Committee  
2228 Rayburn House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Financial Services Committee  
2221 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the more than 1.1 million members of the National Association of REALTORS® (NAR), thank you for considering Congressman McHenry's bills, H.R. 4854, Supporting America's Innovators Act of 2016, and H.R. 4855, the Fix Crowdfunding Act, during next week's markup. These bills make changes to the regulations established by the JOBS Act of 2012 for equity crowdfunding, allowing for increased participation in and a greater flow of capital through crowdfunding. As lending for small businesses and commercial real estate remains tight, especially in smaller markets, alternative lending sources – like crowdfunding – could alleviate some of the issues that these businesses face getting credit.

Nearly \$1 trillion in commercial real estate loans will mature in the next couple of years, and many of these loans will be difficult to refinance due to constrained lending in the commercial space. NAR's commercial membership frequently works with small businesses, and continues to report difficulty in securing financing for their clients. Additionally, new regulations affecting commercial real estate financing, such as the Basel III Capital Standards for Banks and Thrifts and the upcoming Dodd-Frank Commercial Risk Retention rules, may have the effect of further decreasing access to capital for many in commercial real estate.

Alternative sources of financing, such as crowdfunding, are increasingly viable options for capital formation in the commercial real estate market. In the summer of 2015 the Department of the Treasury issued a "Request For Information" on online marketplace lending, and found that "responses [suggest] that online marketplace lending is expanding access to credit in some segments by providing loans to certain borrowers who might not otherwise have received capital."<sup>1</sup>

Connecting those who need capital with non-traditional lenders is one way to relieve some of the tension in the financial system today. NAR's membership is eager to embrace new methods of raising capital, but is aware of the need for and supports strong consumer protections, accountability, and transparency within any new funding mechanism.

NAR supports protecting and enhancing the flow of capital to commercial real estate. The Association appreciates your consideration of H.R. 4854 and H.R. 4855 at this markup, and hopes the Committee will continue to look for ways to encourage new forms of investment in commercial real estate.

Sincerely,

Sincerely,



Tom Salomone  
2016 President, National Association of REALTORS®

cc: House Financial Services Committee



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<sup>1</sup> "Opportunities and Challenges in Online Marketplace Lending." U.S. Department of the Treasury. <https://www.treasury.gov/connect/blog/Documents/Opportunities%20and%20Challenges%20in%20Online%20Marketplace%20Lending%20vRevised.pdf> (May 10, 2016)