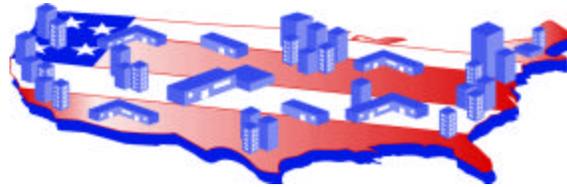


NATIONAL REAL ESTATE ORGANIZATIONS

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July 24, 2009

The Honorable Timothy F. Geithner
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Geithner:

We are writing to urge the Treasury Department to act as quickly as possible to issue administrative tax guidance which would temporarily ease the very restrictive tax rules that apply to modifications of commercial real estate loans which have been packaged into commercial mortgage backed securities (CMBS). For traditional bank loans--that is, loans held directly by lenders--discussions between borrowers and lenders to deal with loan modifications have been underway and have been productive, but for loans that have been packaged into CMBS, similar discussions really cannot occur because of very restrictive tax rules that apply to modifications of loans which have been packaged into CMBS.

By issuing guidance, borrowers would be able to proactively discuss possible loan modifications with those who service their loans in order to deal with these issues, prior to a maturity default, while there is still time to deal with them.

To that end, we understand that the Treasury Department has prepared draft guidance that would temporarily suspend the current administrative tax rules that restrict the ability to restructure securitized mortgage loans. The draft guidance closely parallels guidance that Treasury already has issued to relax the same rules as they apply to residential mortgage-backed securities, and is consistent with steps that Treasury has taken on at least 30 other occasions since 2007 to prevent various tax rules from exacerbating the financial crisis, including rules affecting construction loans, loan syndications and residential loans.

The current credit system in America simply does not have the capacity to meet the legitimate demand for commercial real estate debt. As the demands for debt remain unmet, the stress to the financial services system overall, individual financial institutions, and those who have invested in real estate directly or indirectly will increase.

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As you are aware, given the lack of liquidity in the current market and massive wave of commercial real estate loan maturities, we think it is important for lenders and mortgage servicers to have more flexibility to restructure loans and make modifications when a positive outcome can be generated – particularly where there is adequate debt service coverage to service debt payments.

Testifying before the Senate Banking Committee and the House Financial Services Committee, Federal Reserve Chairman Bernanke was repeatedly asked about what measures are being undertaken to address the crisis in commercial real estate markets. In one response, the Chairman urged lenders to modify mortgages to avert defaults. Consistent with this recommendation, we think it is important to apply the REMIC rules in a way that facilitates reasonable modifications to the terms of commercial mortgage loans that have been securitized in CMBS (approximately 30% of all outstanding commercial real estate mortgages). As currently applied, the administrative tax rules applicable to REMICs and investment trusts exacerbate the problem by imposing limitations that significantly impede the ability to negotiate and implement a restructuring package on a timely basis.

We believe it is vitally important that the Treasury Department take decisive action to prevent today's concern from worsening into tomorrow's crisis.

Sincerely,

**The Real Estate Roundtable
National Multi Housing Council
National Association of Real Estate Investment Trusts
National Association of Real Estate Investment Managers
National Apartment Association
NAIOP, the Commercial Real Estate Development Association
International Council of Shopping Centers
Building Owners and Managers Association International
American Resort Development Association
American Hotel & Lodging Association**

cc: The Honorable Herbert M. Allison, Jr.
Mr. Seth F. Wheeler