

# Congress of the United States

Washington, DC 20515

July 31, 2009

The Honorable Timothy F. Geithner  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW, Room 3330  
Washington, DC 20220

The Honorable Ben S. Bernanke  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW, Room 2046  
Washington, DC 20551

Dear Secretary Geithner and Chairman Bernanke:

We applaud your recent efforts to include commercial mortgage-backed securities (CMBS) as eligible collateral under the Term Asset-Backed Securities Loan Facility (TALF). Given sufficient time, we believe that this effort will be instrumental in helping to restart the CMBS market and in enhancing liquidity in the commercial real estate market. Due to the lead time necessary to assemble TALF-eligible CMBS transactions, however, the program's remaining term does not permit adequate time to develop sufficient volume to address the massive credit shortfall in the sector. For this reason, we write to strongly recommend that you extend the TALF through the end of 2010 and that the extension be publicly announced as soon as possible, but no later than mid-August.

As you already know, the ongoing lack of liquidity in our commercial real estate credit markets threatens more than nine million real estate-related jobs and hundreds of millions of dollars in tax revenues the commercial real estate industry provides for federal, state and local governments. Of the \$3 trillion commercial real estate debt market, more than \$1 trillion of loans will mature during the next few years from a variety of sources. With most of these loans concentrated in banks and in mortgage-backed bonds held by institutional investors, this mounting wave of maturities, if not addressed, could erase many of the gains made by the financial services system in recent months. Unless the TALF is extended beyond its current expiration date of December 31, 2009, the commercial real estate market will simply not have sufficient liquidity to deal with this looming debt challenge.

For example, before the start of the TALF program, asset-backed securities (ABS) issuance volumes in the first quarter of this year were limited to \$2.9 billion from three issuers. Since the launch of TALF last March, ABS issuance volumes have increased dramatically, as new investors such as hedge funds and traditional ABS buyers returned to the market. Initial concerns that centered on customer agreements limited the first funding date to a handful of investors, but given a more friendly agreement, participation increased in April and has grown dramatically in May and June (*e.g.*, March: 3 deals totaling \$7 billion; April: 4 deals, \$3 billion; May: 8 deals, \$14 billion; and June: 13 deals, \$16 billion).

While CMBS became eligible collateral on June 16, no commercial real estate deals were priced on the first funding date, and only \$669 million was requested for legacy CMBS deals at

the July 16 facility. The underwriting process for CMBS deals is relatively lengthy, and it takes approximately four to five months to bring a CMBS deal to market. Assuming that the TALF expires in December, the last opportunity a borrower would have to begin the TALF process for new deals would be in mid-August.

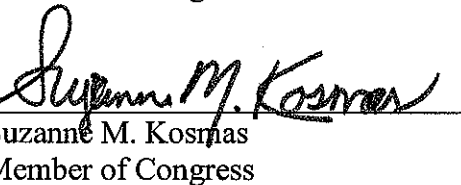
While investor sentiment toward real estate as an asset class appears to be beginning to turn positive, a consistent, sizeable financing market for real estate still does not exist. Given the relatively late introduction of CMBS as eligible collateral, interested issuers under TALF may not have sufficient time to bring a deal to market this year, thus potentially prolonging a real estate recovery.

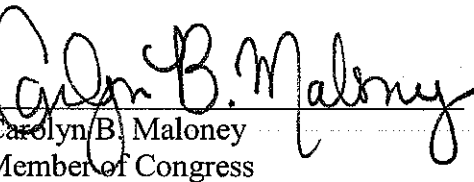
For these reasons, we believe that extending the TALF through 2010, and announcing the extension by mid-August, can ensure that this important program does not prematurely end before it has been given time to fully achieve its goals. Thank you for your consideration of our request.

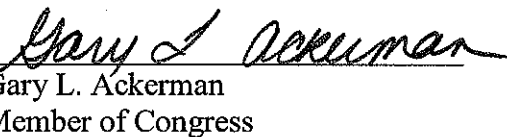
Sincerely,

  
Paul E. Kanjorski  
Member of Congress

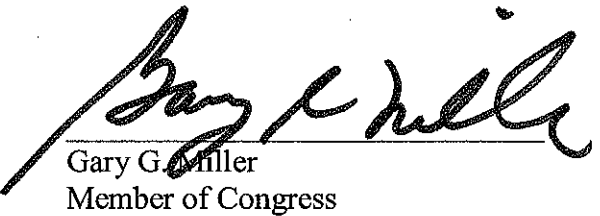
  
Barney Frank  
Member of Congress

  
Suzanne M. Kosmas  
Member of Congress

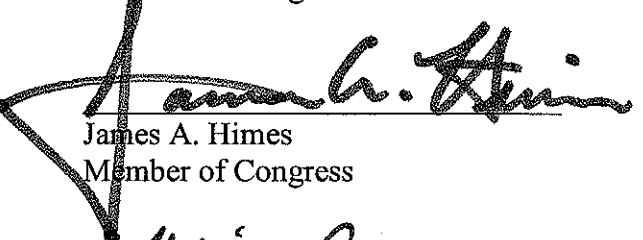
  
Carolyn B. Maloney  
Member of Congress

  
Gary L. Ackerman  
Member of Congress

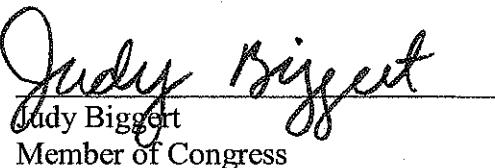
  
Shelley Moore Capito  
Member of Congress

  
Gary G. Miller  
Member of Congress

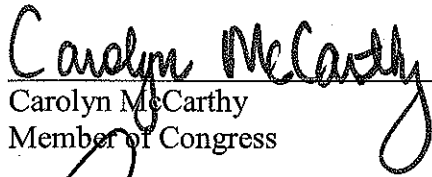
  
Michael N. Castle  
Member of Congress


  
James A. Himes  
Member of Congress

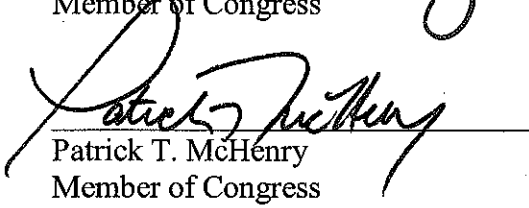
  
Michael R. Turner  
Member of Congress

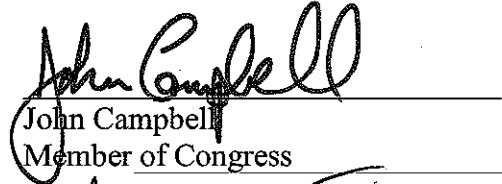
  
Judy Biggert  
Member of Congress

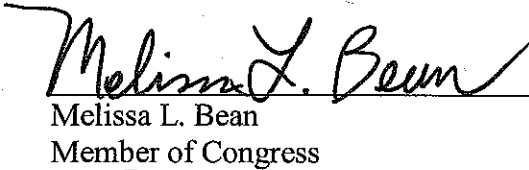
  
Wm. Lacy Clay  
Member of Congress

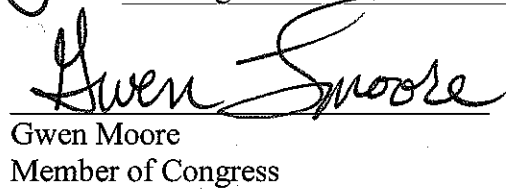
  
Carolyn McCarthy  
Member of Congress

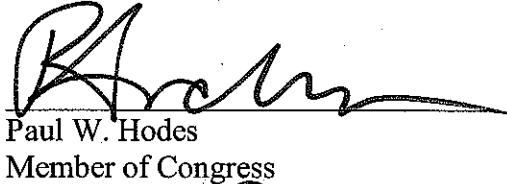
  
Jim Gerlach  
Member of Congress

  
Patrick T. McHenry  
Member of Congress

  
John Campbell  
Member of Congress

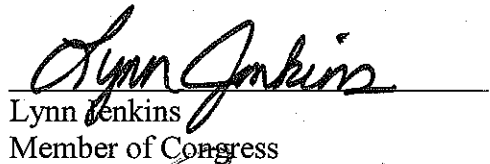
  
Melissa L. Bean  
Member of Congress

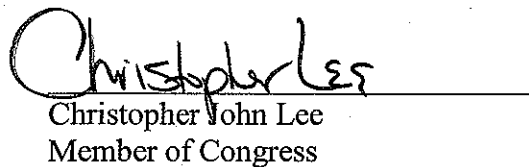
  
Gwen Moore  
Member of Congress

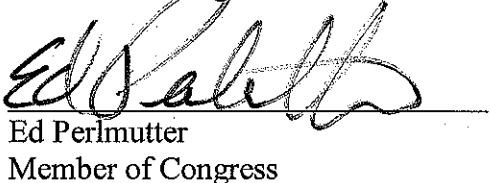
  
Paul W. Hodes  
Member of Congress

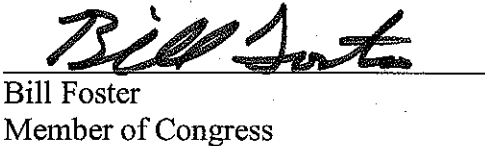
  
Keith Ellison  
Member of Congress

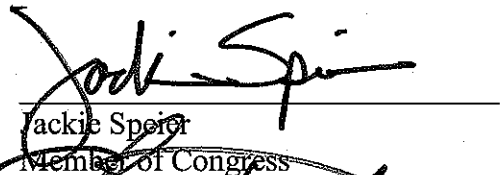
  
Ron Klein  
Member of Congress

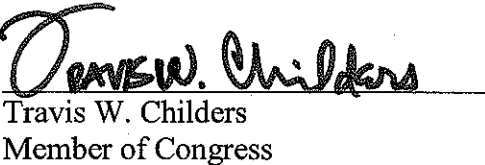
  
Lynn Jenkins  
Member of Congress

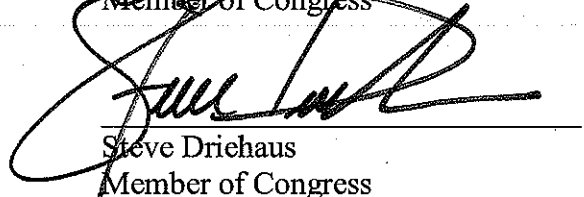
  
Christopher John Lee  
Member of Congress

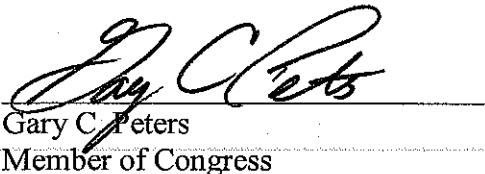
  
Ed Perlmutter  
Member of Congress

  
Bill Foster  
Member of Congress

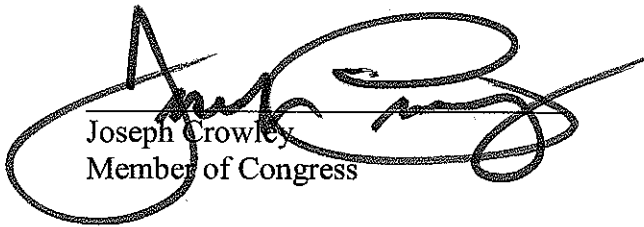
  
Jackie Speier  
Member of Congress

  
Travis W. Childers  
Member of Congress

  
Steve Driehaus  
Member of Congress

  
Gary C. Peters  
Member of Congress

  
Elijah E. Cummings  
Member of Congress



---

Joseph Crowley  
Member of Congress



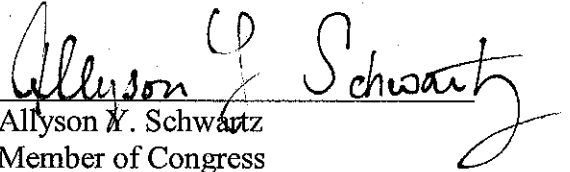
---

Steve Israel  
Member of Congress



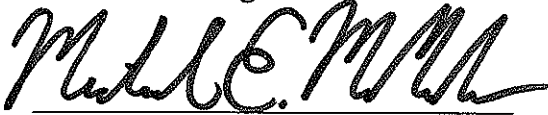
---

John Abney Culberson  
Member of Congress



---

Allyson Y. Schwartz  
Member of Congress



---

Michael E. McMahon  
Member of Congress



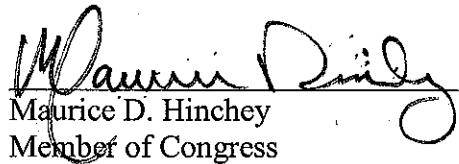
---

Dina Titus  
Member of Congress



---

Joe Baca  
Member of Congress



---

Maurice D. Hinchey  
Member of Congress



---

Ruben Hinojosa  
Member of Congress



---

Jim Matheson  
Member of Congress



---

Leonard Lance  
Member of Congress