

Congress of the United States

Washington, DC 20515

January 29, 2010

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
20th Street and Constitution Avenue, NW, Room 2046
Washington, DC 20551

Dear Secretary Geithner and Chairman Bernanke:

As you know, the financial crisis continues to have a dampening effect throughout the credit markets. The commercial real estate (CRE) market, in particular, continues to experience difficult credit accessibility conditions. Moreover, the scarcity of credit in the \$6.7 trillion CRE sector poses a dangerous threat to our financial system just as our economy has begun to show signs of recovery.

Earlier this month real estate data provider Trepp announced that the delinquency rate for loans underlying commercial mortgage-backed securities (CMBS) ballooned 500 percent in 2009, surpassing 6 percent in December for the first time. Additionally, the CMBS market has all but shut down over the past year making it more difficult for CRE owners to sell or refinance.

We appreciate the acknowledgement by federal regulators of this situation in October, when the Board of Governors of the Federal Reserve System, along with the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Office of Thrift Supervision, issued a policy statement advising financial institutions to extend and/or restructure loans backed by income-producing and/or development properties whenever possible in order to minimize losses as well as to stabilize overall asset values in the communities they serve.

While the regulatory guidance is a relatively recent occurrence, we remain concerned by early indications that it may not yet be having the desired impact in stabilizing the CRE market. While some properties are in desperate need of modification due to the economic downturn, we are not convinced these loans are being serviced properly or in an efficient manner. Of even more concern, anecdotal evidence suggests that regulators continue to encourage lenders to write down the value of performing loans, whose payments may well be current and, in some instance, even call the loan. This further exacerbates the crisis by creating defaults in properties that were able to meet their debt servicing.

To ensure the recent CRE loan modification guidance will have a positive and stabilizing effect, and to protect the broader economy from further disruptions, we urge you to establish a clear method for measuring and evaluating its effectiveness. Furthermore, we encourage you to institute metrics to more clearly differentiate performing versus non-performing loans as well as any other steps that provide lending institutions with more confidence in assessing CRE loans. We also call upon you to make clear public statements encouraging lenders to continue to make credit available for performing assets as a means of restoring confidence and long-term value in the CRE market.

In sum, we strongly believe that regulators must take continued steps to mitigate ongoing turmoil in the CRE sector before it becomes a full-fledged crisis, forestalls our economic recovery, and possibly requires additional taxpayer-funded capital injections. Consistent with all applicable law and regulation, thank you for the consideration of our views and your attention to these matters.

Sincerely,

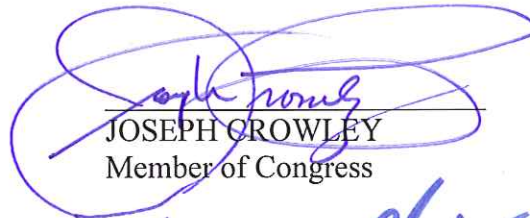

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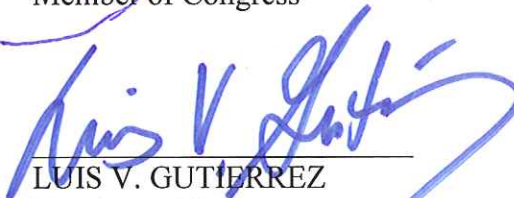

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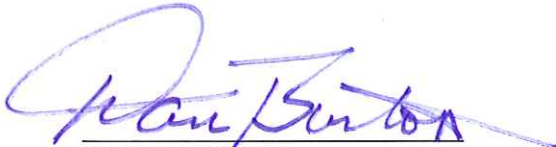
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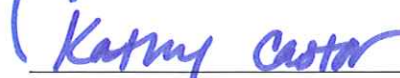
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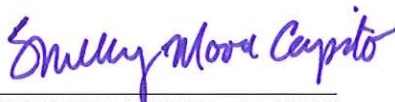
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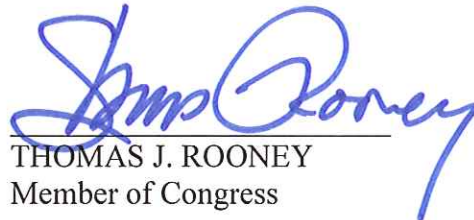
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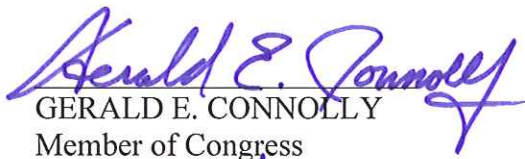
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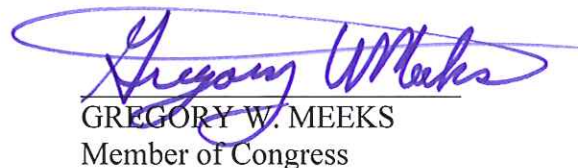
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