



PRESS RELEASE

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FORTY-ONE MEMBERS OF CONGRESS URGE U.S. TREASURY AND FEDERAL RESERVE TO EXTEND TALF PROGRAM

***FEDERAL LENDING FACILITY IS CRITICAL TO RECOVERY OF COMMERCIAL REAL
ESTATE MARKET***

“Nine Million Jobs and Hundreds of Millions in Tax Revenues at Risk”

WASHINGTON, DC, July 31—Forty-one Members of the United States Congress, representing both sides of the aisle, signed a letter sent today to U.S. Treasury Secretary Timothy Geithner and Federal Reserve Chairman Ben Bernanke urging them to extend by one year the Term Asset-Backed Securities Loan Facility (TALF), which is set to expire December 31.

The Members of Congress expressed serious concern that, unless the TALF is extended, the continuing dysfunction in the commercial real estate credit market will threaten “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.”

The TALF program provides federal loans for investors to purchase asset-backed securities to help restore liquidity to these markets. Commercial mortgage backed securities (CMBS) became eligible for TALF funding in June. The CMBS market has been critical to the financing of the commercial real estate industry; however, it has essentially been frozen for the past 18 months.

“More than \$1 trillion of [commercial real estate] loans will mature during the next few years from a variety of sources,” the letter stated. “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.”

Commercial mortgage backed securities only became eligible for TALF loans in June. The Members of Congress pointed out that the underwriting process for CMBS deals is lengthy, requiring four to five months to bring a CMBS deal to market. If the TALF were to expire in December, the last opportunity for borrowers to begin the TALF process for new deals would be in mid-August, they pointed out.



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“For this reason,” the Members said, “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.”

NAREIT President and CEO Steven Wechsler also strongly supported the TALF program extension, adding, “We believe TALF can be an important first step and one of the keys needed to unlock the shuttered commercial real estate credit market. However, the program needs time to work. We strongly urge the U.S. Treasury and the Federal Reserve to provide that additional measure of time.”

Click here to read the letter sent by Members of Congress

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