

December 6, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

Dear Leaders Reid and McConnell:

The members of the National Association of Home Builders, the National Association of REALTORS[®], and its commercial affiliates¹, respectfully urge swift passage of both S. 2231, the “Small Business Lending Enhancement Act of 2012,” sponsored by Sen. Udall (D-CO) and S. 3522, the “Responsible Homeowner Refinancing Act of 2012,” introduced by Sens. Menendez (D-NJ) and Boxer (D-CA). We believe enactment of both pieces of legislation, whether individually or as part of a larger package, are vital to the recovery of the fragile commercial and residential real estate markets.

Nearly \$1 trillion of commercial real estate loans with balloon mortgages will mature over the next few years, with a very limited option to refinance. If not addressed, the swelling wave of maturities could place further stress on our nation’s already fragile financial markets and overall economy. S. 2231 will increase the cap on member business lending (MBL) from 12.25% to 27.5% of total assets for well-capitalized credit unions, and will create a new source of capital to refinance these commercial loans.

Additionally, we support S. 3522 because it offers relief to homeowners who continue to meet their mortgage obligation during this economic downturn. Many homeowners have maintained their mortgage payments even as the economy stalled and prices of other consumer goods rose, squeezing their discretionary income. Unfortunately, these same consumers have not been able to take advantage of the low mortgage interest rates fostered by policy aimed at stimulating the economy because of constraints embedded in the government-sponsored enterprises (GSEs) mortgage refinance guidelines.

S. 3522 removes those impediments and allows “current borrowers” to take advantage of record low interest rates. Helping these responsible homeowners lower their payments reduces their risk of default and aids the recovery of the GSEs, Fannie Mae and Freddie Mac. Finally, the economic activity spurred on by these consumers’ ability to meet an affordable loan payment will act as a mechanism for our nation’s economic recovery.

In order to help improve lending conditions for responsible businesses and homeowners, we urge passage of both pieces of legislation.

Sincerely,

National Association of Home Builders
National Association of REALTORS[®]

Cc: Members of the United States Senate

¹ CCIM Institute, Institute of Real Estate Management, REALTORS[®] Land Institute, and Society of Industrial and Office REALTORS[®]