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May 2, 2011

The Honorable Scott Garrett
2244 Rayburn House Office Building
Washington, DC 20515-3005

Dear Mr. Chairman:

On behalf of the 1.1 million members of the National Association of REALTORS® (NAR) and our affiliates, the Institute of Real Estate Management (IREM) and CCIM Institute, we support the passage of H.R. 940, the “United States Covered Bond Act of 2011”.

As the nation endeavors to reform and rebuild its real estate finance system, REALTORS® believe that it is imperative that all real estate finance instruments in our arsenal be utilized. The “covered bond” is one tool which REALTORS® want to see integrated into our real estate finance system. Our members recognize that this tool will not take the place of mortgage-backed securities (MBS) or commercial mortgage-backed securities (CMBS) as the primary generator of liquidity for the U.S. real estate market. However, we do believe that this tool, in tandem with MBS and CMBS, can offer increased liquidity and safety in our secondary market for commercial and all components of residential real estate lending, including jumbo mortgages.

Real estate is a pillar of our economy. Should the sector be deprived of the necessary liquidity it requires to remain structurally sound, then it will crumble and collapse. In turn, this will act as a contagion throughout our economy and place undue stress on the remaining economic support structure. The “covered bond” is a tool that will help stabilize and support real estate finance by offering an additional conduit to provide liquidity to the real estate finance sector, and improve investor confidence by fostering the safety and soundness they deem necessary.

REALTORS® thank you for your diligent work to bring confidence and strength back to our finance system.

As always, NAR stands ready to collaborate with you and our industry partners to enact comprehensive and effective mortgage reform legislation.

Sincerely,

Ron Phipps, ABR, CRS, GRI, GREEN, e-PRO, SFR
2011 President, National Association of REALTORS®



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